GC0086: Grid Code Open Governance

What stage is this document at?

01	Workgroup Consultation
02	Industry Consultation
03	Report to the Authority

This proposal seeks to modify the Grid Code to introduce Open Governance arrangements, including the ability for parties other than National Grid to be able to raise Modification Proposals. GC0086 also proposes changes to the Grid Code Review Panel Membership and the Election Process.

Published on: **23 December 2016**

National Grid recommends:
Both the original and alternative options better facilitate the Grid Code objectives, however the original best facilitates the Grid Code objectives and so should be implemented

High Impact:
GCRP Members – revised panel membership and processes

Medium Impact:
National Grid as Code Administrator, Authorised Electricity Operators, Ofgem – revised processes
All stakeholders – proposer ownership changes the way in which issues are raised and progressed

Low Impact:
None identified

Contents

About this document

This Report sets out the changes proposed to the Grid Code to address the perceived defects in the code leading to the need to introduce Open Governance.

It summarises the deliberations of the GC0086 Workgroup and responses to the Workgroup Consultation and also includes responses to the Industry Consultation. The report is intended to provide the Authority with the information necessary to inform their decision on the implementation of the modification proposed. Due to the size of the report, it is presented in two volumes: volume one contains the main body of the report and volume two contains the responses to the two consultations and the legal text.

Any Questions?

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Document Control

Version	Date	Author	Change Reference
0.1	13 Jan 2016	National Grid	Draft Report to Authority for GCRP review
1.0	15 Mar 2016	National Grid	Final Report to Authority for submission
1.1	22 Dec 2016	National Grid	Draft changes following Authority send back
1.2	23 Dec 2016	National Grid	Final Report to Authority for submission

1 Executive Summary

1.1 A Panel Paper on Grid Code Open Governance was raised at the July 2014 meeting of the Grid Code Review Panel (GCRP). It proposed to introduce a number of governance attributes into the Grid Code that already existed in other industry codes, including the CUSC and the BSC. The paper was proposed by Eggborough Power Ltd, EnergyUK, E.ON, ESBI, SSE and Waters Wye Associates. A copy of the paper can be found in Annex 2 of this report.

1.2 The GCRP recommended formation of a Workgroup, to discuss and develop the proposals, which held its first meeting in September 2014. A copy of the Terms of Reference, which were finalised at the first meeting and approved by the GCRP, is contained within Annex 1.

1.3 The July 2014 paper sought to introduce a number of principles of Open Governance, including the ability for parties other than National Grid Electricity Transmission to formally raise Modification Proposals; the introduction of Proposer Ownership; Self-Governance and Fast-Track Self-Governance processes; an Independent Panel Chair; an urgency process; a new GCRP Election process; a re-structure of GCRP Membership and the creation of a Panel Recommendation vote.

1.4 A Workgroup Consultation was carried out on these proposals, as developed by the Workgroup, in December 2014 and 9 responses were received. A summary of these responses can be found in Section 5 and the responses themselves are contained within Annex 6. Following the Workgroup consultation, one Workgroup member proposed an alternative approach to the original GC0086 proposal. The alternative option includes most of the aspects of the GC0086 proposal, with a few notable exceptions which are summarised in paragraphs 4.1 onwards and in the table in Annex 7 of this document.

Workgroup Conclusions

1.5 The Workgroup did not reach a unanimous conclusion on whether to implement either GC0086 or the Alternative Option in their entirety. The workgroup did reach conclusions, although again not unanimously, on each element of the GC0086 proposals which are summarised in a table in paragraph 3.120 of this report.

Industry Consultation

1.6 Following completion of the workgroup process and finalisation of their conclusions, the Code Administrator issued an Industry Consultation, which closed in November 2015 and received 17 responses. A summary of the responses can be found in Section 7 of this report and the responses themselves are included in Annex 10 in Volume 2 of this report. The majority of respondents supported the principle of open governance for the Grid Code, but of the 16 respondents who expressed an opinion, support was split between the proposals as follows:

Proposal	Number of respondents in support
GC0086 original	8
Alternative Option	6
Neither	2

What is the current structure of the GCRP?

The role of the GCRP and detailed information on the responsibilities of and protections for GCRP Members and Alternate Members can be found in the Constitution and Rules of the Grid Code Review Panel and also in the Grid Code General Conditions, Clause 4 at http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Grid-code/The-Grid-code/.

National Grid recommendation

1.7 National Grid has considered the conclusions of the Workgroup and the responses to both the Workgroup and Industry Consultations. National Grid considers that open governance does have benefits for the Grid Code, does better facilitate the Grid Code objectives and therefore should be implemented.

1.8 National Grid considers that while both GC0086 and the Alternative Option both better facilitate the objectives against the baseline Grid Code, the original proposal best meets the applicable objectives. Please see Section 5 for National Grid's views against the applicable objectives. National Grid's views against each element of the GC0086 proposals can be found in Section 8 of this report. The legal text proposed by National Grid to implement GC0086 can be found in Annex 11 in Volume 2 of this report.

Implementation

1.9 National Grid recommends that GC0086 be implemented in line with the approach set out in Section 6 of this report. In summary, those elements of GC0086 that do not require a licence change should be implemented 10 business days after an authority decision; those elements requiring a new or revised code administration process have timescales specified in Section 6 of this report; and any element requiring a change to NGET's Transmission Licence should be implemented 10 business days after the date specified in the modification notice from the Authority to modify the Transmission Licence

Send Back

1.10 Following the submission of the GC0086 Report on the 15 March 2016 Ofgem sent back the Report for legal text re-drafting to include CGR3 legal text changes.

2 Why Change?

2.1 Open Governance would allow parties to formally raise Modification Proposals to make changes to the Grid Code, which are then subject to a process whereby the GCRP makes a recommendation to the Authority on whether the proposal should be implemented. Currently, the Grid Code is not subject to Open Governance. This means that formally under their licence only National Grid Electricity Transmission (NGET) can raise Grid Code Modification Proposals or submit these to the Authority. Parties are able to, and do, raise 'Issues' to the GCRP and these are always developed, with the agreement of the GCRP and through a defined process, into modification proposals, but ultimately National Grid has control over the option recommended to the Authority in the Final Report as the solution to the defect. The GCRP does not itself make a formal recommendation to the Authority and is therefore not bound by the Statutory Instrument in relation to CMA Appeals.

2.2 A defect identified by the Proposer and subsequently discussed by the Workgroup, in addition to the above, is the apparent inability for alternative proposals to be suggested and ultimately put forward to the Authority. Currently, a Workgroup will attempt to reach a consensus on the solution to an issue, so that it can be presented to the Authority in order for them to make a decision on whether to approve or reject the proposal. This is on the basis that there is no formal process within the Grid Code for submitting alternatives in the final modification report. This could result in possibilities suggested by others not being provided to the Authority although the Authority does have the right to return any proposal for further work. In an Open Governance world, the Proposer would retain ownership of their proposal, but there would be the formal ability for alternatives to also be put forward which would then provide the GCRP and the Authority with a choice of solutions. A number of examples were considered where this lack of process had proved in practice to be a hindrance, such as in GC0063 (Power Available). A summary of these examples can be found in Annex 4 of this document.

2.3 The GC0086 issue paper proposed that the governance attributes that appear in the CUSC (and other industry Codes, such as the BSC) following Ofgem's two Code Governance Reviews should be introduced into the Grid Code to enable it to conform to 'good industry practice' as regards Open Governance. Following submission of the pp14/40 paper, the Code Administrator put together several strawman proposals which capture all of the key principles that GC0086 is proposing to introduce:

1. Introducing Open Governance and Proposer Ownership
2. GCRP Membership Review and the creation of a Panel Recommendation Vote
3. GCRP Election Process.
4. Independent Panel Chair
5. Self-Governance
6. Fast Track Self-Governance
7. Urgency Process.

Background

2.4 In November 2007, Ofgem initiated a Code Governance Review (CGR) which sought to address concerns that existing market arrangements may be too complex and inaccessible for some market participants. Ofgem's final proposals introduced a number of changes into the CUSC, BSC and UNC, including Self-Governance, a Significant Code Review process and several

Where can I find more information on Ofgem's CGRs?

The Final Proposals of Ofgem's CGR Phase 2 review can be found at https://www.ofgem.gov.uk/ofgem-publications/61109/cgr-2-final-proposals.pdf

others. These changes were implemented into the respective codes in December 2010. Ofgem then carried out CGR Phase 2 which looked at introducing the arrangements from the first CGR into the other GB Codes, including the Grid Code.

2.5 The CGR Phase 2 Final Proposals were published in March 2014 and some of the elements from the first CGR were implemented into the Grid Code, such as the Send Back process, Significant Code Review process and Code Administrator Code of Practice. However, Ofgem recognised that introducing Open Governance into the Grid Code implies a potentially fundamental review and whilst they acknowledged that it may be beneficial, it was recognised that the resources required to develop such a significant review may have other priorities, particularly in light of the implementation of the European Network Codes. Many respondents to the CGR Phase 2 consultation also agreed with the principle of Open Governance but recognised that there were no specific defects that needed addressing within the Grid Code in this regard given the way in which the existing Grid Code practices are applied.

GC0074: Grid Code Review Panel Membership

2.6 At the March 2014 GCRP, National Grid as the Code Administrator raised a paper highlighting issues with the current GCRP Membership and setting out a number of options for representation on the GCRP, particularly with regard to Generator representation, the election process and the size of the Panel. Two workshops were held to discuss the issues raised and the attendees at the workshops concluded that the Generator representation on the GCRP was fair and balanced but that minor changes could be made to enhance the effectiveness and equality of the GCRP. They agreed that a transparent and robust election process was needed to ensure that all Generator stakeholders would have an equal opportunity to gain a seat on the GCRP.

2.7 An industry consultation took place and the majority of respondents agreed with the conclusions of the Workgroup. Some respondents noted that Open Governance would complement this review and it was subsequently noted at the July 2014 GCRP that GC0086 would supersede the findings of the GC0074 review. Therefore, GC0074 was put on hold whilst GC0086 progressed, but the GC0086 Workgroup used the information and responses from GC0074 to assist in their discussions. The GC0074 Consultation, along with the issue paper, consultation responses and meeting minutes can be found at http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Grid-code/Modifications/GC0074/.

2.8 The proposed GCRP Representation as concluded under GC0074 can be found in Annex 4. This was proposed outside of the context of Open Governance and the majority of GC0086 Workgroup members agree that it represents one end of the spectrum for GCRP membership and was not developed with Open Governance in mind.

CMA Energy Market Investigation

2.9 More recently, Ofgem's submission[1] to the Competition and Markets Authority (CMA) in January 2015 highlighted a potential issue with the extent to which the accessibility of the governance arrangements acts as a barrier to effective participation, particularly for new entrants and smaller suppliers.

[1] https://www.ofgem.gov.uk/publications-and-updates/market-investigation-reference-code-governance-submission?utm_medium=email&utm_source&utm_campaign=5278561_Daily-Alert_26-01-2015&utm_content=$LINK_KEYWORD$&dm_i=1QCB,354YP,F31AIX,B9F2Z,1

The CMA issued an updated statement on 18 February 2015[2] which identified an issue regarding whether the current system of industry code governance acts as a barrier to pro-competitive innovation and change.

[2] https://assets.digital.cabinet-office.gov.uk/media/54e378a3ed915d0cf7000001/Updated_Issues_Statement.pdf

3 Workgroup Discussions

3.1 The first GC0086 Workgroup meeting was held on 10 September 2014. As the Proposers' Representative, Garth Graham of SSE presented the proposal and explained the rationale behind the changes being suggested.

3.2 The Workgroup met 8 times between September 2014 and July 2015. A Workgroup Consultation was published in December 2014 and 9 responses were received. These responses, along with the Workgroup Consultation, Terms of Reference and meeting minutes can be found at the following link under the 'Workgroup' tab:

http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Grid-code/Modifications/GC0086/

3.3 The Workgroup addressed each item from their Terms of Reference during their meetings; these discussions are summarised and presented below, separated for ease of reference. Conclusions or decisions made by the Workgroup are highlighted in **bold font.**

Agree the meaning of "Open Governance" with respect to the GCRP.

3.4 **The GC0086 Workgroup agreed that, in the context of 'Open Governance', in principle any party can raise a (generic) Modification Proposal to address a defect / issue within the Grid Code for consideration by the GCRP.** The GCRP would assess the validity of that proposal and then agree how to progress it (via a Workgroup or straight to consultation), within prescribed timescales. A Workgroup (if established) would then discuss the modification thoroughly and a Workgroup consultation, if required, would be carried out before a Workgroup Report was presented to the GCRP whose role at that point is to ensure that the Workgroup has met its Terms of Reference. A Code Administrator (industry) consultation is then carried out and the Final Report is tabled at a GCRP meeting where the GCRP decides whether to support this. At this point there may be a range of alternative options for the Authority to make a decision on.

What the perceived defect associated with the present governance arrangement is and how the benefits of Open Governance would address these defects.

3.5 The GC0086 Workgroup acknowledged that currently 'issues' are raised and progressed through GCRP by other parties, however, in order to raise a formal Modification Proposal, it relies on the willingness of National Grid to progress and have open debates. The group acknowledged that this does generally happen, but that there is the potential for it not to happen (and some examples of this were identified). Currently, there is the potential for an issue to be distorted and for parties to be unable to put forward their change(s) to Ofgem. In addition, it was noted that currently while alternatives can and are part of the Workgroup process there is no formal mechanism for alternative solutions to be submitted as part of the Final Report to the Authority, which means that a Workgroup generally have to try and reach a consensus on one option. The GC0086 Workgroup felt that Open Governance may protect National Grid from any potential criticism regarding transparency and lack of progression of issues which they (National Grid) might be perceived as not supporting. The group considered some historic modifications that were contentious, and how treatment or progression of these could have differed under Open Governance. A paper summarising these examples was provided by the National Grid Workgroup Member for consideration and is contained within Annex 4 of this document. The benefit that Proposer Ownership could bring was recognised in some of these examples. Particular issues surround achieving clarity at the outset of what the defect is, and the requirement for the GCRP to make a recommendation in their report to the Authority.

3.6 A Workgroup member felt that the current processes in the Grid Code could be interpreted in a very similar way to the other codes, in that any party can raise an issue

and the GCRP and Workgroup discuss it openly. What does not exist is the same level of prescription as in the other codes, however were this to be introduced this may cause a level of bureaucracy that is not needed. Another Workgroup member argued that currently it is a commercial company (National Grid) that has the power over all Grid Code Modifications, even though the code is a multi-party document that industry parties are bound, by their licences, to comply with (but only one of those many parties may, formally, change that document). Also, if a change is put forward under the current Grid Code arrangements that is directly at odds with the commercial position of National Grid then they could potentially delay or frustrate the proposal's progression. No examples of this were offered but with Open Governance, it would not be possible. The Proposer felt that currently there is an inappropriate imbalance of power within the Grid Code that is not the case for other codes such as the CUSC and BSC.

3.7 The Code Administrator advised that they have no concerns with Open Governance as it tends to be self-regulating and the GCRP would agree on the best way forward. Ultimately as well, decisions are made by the Authority on the basis of the evidence submitted. The GC0086 Workgroup agreed that they did not believe that there is anything about the Grid Code that means that Open Governance is not appropriate. It was noted by one Workgroup member that the CUSC process seems very procedure driven and may be seen as slightly intimidating. Another Workgroup member noted that Ofgem was keen that the processes used in the codes were identical as Ofgem had identified, in its CGR, that that was beneficial to smaller participants. **At the final Workgroup meeting, there was majority agreement that Open Governance should be introduced. However some Workgroup members felt that the current process worked well and the proposed approach to solve the defect is not warranted or proportionate and could result in increased inefficiencies.**

3.8 The attendance of Grid Code Workgroups was discussed and it was considered whether, if the membership of the GCRP reduced, there might be a greater requirement for representative membership in Workgroups as the GCRP would not, with Open Governance, be able to discuss modifications in detail and would not have the same breadth of technical understanding. A Workgroup member noted that he sees Open Governance in the Grid Code as bringing more structure to the process and more control and rigour which in turns drives efficiency. There are examples of issues raised with the GCRP that have been in existence for a number of years. Some Workgroup members noted examples under the CUSC that took a lot of rigorous debate, such as CMP213 (Project TransmiT), which despite being very complex and having lots of options, still only took a year to progress through the CUSC change process compared with some Grid Code issues that have been in the process for over three years. The role of the GCRP acting as a gateway to allow a modification to progress to a Workgroup would drive process efficiency in the way the GCRP works as the GCRP would not need to hold detailed debates.

3.9 The group considered the timetable for a typical Workgroup. Under the CUSC, a timetable is set out at the Panel meeting at which the proposal is first raised and the Authority has the right to veto that timetable. If the work is not finished in the 4 month (standard) period, the Workgroup Chair has to ask for an extension at the next Panel meeting and the Panel and Ofgem have the responsibility to discuss and agree or disagree. There is usually an Ofgem representative in the Workgroup who communicates with the Ofgem representative in the Panel, but ultimately the Authority sets the deadline. The group considered the risk of the report not being up to a high standard if there has been insufficient time for the Workgroup to discuss effectively, particularly as the Grid Code tends to deal with very technical matters.

3.10 The group considered how long the typical Workgroup phase should last and were split between four and six months. It was felt by some that four months is very short compared to current Grid Code Workgroup timelines and might mean that, dependent on the Terms of Reference and issues raised, the Workgroup may have to meet frequently in order to complete their work in this timescale. The group were informed that it would be possible to ask the Panel and Ofgem for a time extension up front at

the first Panel meeting where the proposal is raised, or indeed throughout the process. The Code Administrator could compile a timetable and work out the likelihood of meetings, holidays or other events that may affect the timetable and take that to the Authority at the first Panel meeting with a realistic timetable and any potential need for an extension. A Workgroup member commented that the Grid Code has significant technical content, whereas BSC and CUSC do not, therefore the likely commercial implications of BSC and CUSC Workgroup discussions could be expected to drive better Workgroup participation. However, it was argued that Grid Code changes could have commercial implications for Grid Code users. It was noted that under the CUSC there is a KPI in relation to extensions and if it turns out that there is a large number of extensions in the Grid Code then the standard duration could be increased. It was noted that if an advisory forum is introduced, then this may result in a modification being raised that has already had some discussion, and therefore a shorter process would suffice, with the ability to request extensions if needed.

3.11 Some members of the Workgroup felt that it would be appropriate for the GCRP to agree specific timescales for each proposal, rather than having to adhere to an obligation under the code. In terms of consistency, it was noted that other codes have fixed timescales for the Workgroup phase. The difficulties of arranging meetings and organising travel were highlighted, and it was noted that it often takes several weeks to arrange the first Workgroup meeting for a modification. However, this was countered by suggesting that the industry tends to become more self-regulating with Open Governance and the potential advisory group may provide earlier visibility of potential modifications, and then a degree of priority can be placed on modifications, if required.

3.12 **In conclusion, there were mixed views on whether a timescale of four or six months should be introduced, and some Workgroup members felt that timescales should be set only by the GCRP rather than being stipulated in the code.** The Ofgem representative was supportive of setting some parameters around the code modification process and that this would be consistent with other codes. After some discussion around the GCRP having the right to agree to an extension to the Workgroup phase, **the group did agree by majority that the Authority should have the power to veto a request for an extension and that this should be specified in the code.** This would provide consistency with other codes and also provides the advantage that there is a clear explicit timeline for each modification which has been agreed by the Authority.

3.13 Administration costs were discussed as there was a concern that if Open Governance is introduced into the Grid Code, then costs may increase significantly. However, it was noted that there are examples of technical issues in the Grid Code that could have large cost implications for participants such as generators. The Frequency Response Workgroup is an example of where technical and commercial issues cross over, and it has taken four years of discussion and the Workgroup considering that issue has still not progressed the issue effectively due to the defect being unclear (this is associated with a growing understanding of the impact of the changing generation portfolio but while illustrating the technical difficulties sometimes encountered does point to the process not having worked well). Therefore, there is a trade-off between higher costs of administration if that then leads to a better process and the costs of running meetings, particularly if they do not result in a reasonable outcome. The Proposer commented that the overall process will be identical to CUSC, therefore the Code Administrator (National Grid) will only have to run one process for the two codes, Grid Code and CUSC, that they administer and there will be one single approach, so there are efficiency savings in addition to the other benefits (such as familiarity for smaller parties).

The impact and effect of the Code Governance Review (CGR) Phase 2 in relation to the Grid Code

3.14 CGR Phase 2 introduced three provisions into the Grid Code. The first, Send-Back, has been used once in the Grid Code for GC0050: Demand Control. The National Grid representative felt that the process worked well overall and seems to be a sensible approach. Another Workgroup member felt that the Send-Back letter from Ofgem in relation to GC0050 was helpful and set out their expectations. They added that in the past it has come up in the GCRP that there has been dialogue between Ofgem and National Grid following the submission of a modification for decision which is not always transparent, so Send Back is a useful and transparent process. The second element is the Code Administrator role. The Proposer felt that Open Governance would assist in ensuring that the Grid Code complied with all the principles in the Code Administration Code of Practice (CACOP). The Proposer referred to Principle 7, point 3 of the CACOP that refers to Alternative solutions under Proposer Ownership, which currently does not exist in the Grid Code. It was observed that the CACOP has helped parties to bring forward issues to the Panel and that the industry has started to see the introduction of the Code Administrator as 'critical friend' which creates a more formal and clearer gateway for bringing issues to the Panel. Currently, there is no formal method for critically reviewing issues before they get to the Panel. Finally, the third element from CGR Phase 2 was the introduction of the Significant Code Review (SCR) process into the Grid Code. As only National Grid can formally raise modifications, the group felt that this has not had a big effect as National Grid would be unlikely to raise a modification if it interacted with a live SCR.

Whether the introduction of aspects of the CGR such as the introduction of a Code Administrator has or will address some of the identified defects

3.15 The GC0086 Workgroup felt that CGR Phase 2 does not address the Proposer Ownership issue and the lack of alternative solutions being presented to the Authority. It was noted that it also did not include an independent Chair, Consumer Advice membership of the GCRP or 'Fast track' / 'Self-Governance' / 'Urgent' modifications. The group agreed that the Grid Code does not currently address the fundamental defect in GC0086. One Workgroup member considered whether you need Open Governance to have an effective SCR, if one is ever proposed for the Grid Code, and noted that the recent Electricity Balancing SCR is a good example regarding alternatives, as several potential options were suggested by the Working group.

Who can raise Grid Code Modifications (including the concept of Proposer Ownership and Workgroup Modification Alternatives)

3.16 At the first GC0086 Workgroup meeting, the Proposer noted that Proposer Ownership is a key principle of Open Governance as it gives comfort to parties that no one else can amend their proposal without their permission or prevent it being submitted (at the end of the process) to the Authority for decision (if its not Self-Governance). Another member of the group added that it would prevent any blockers or distortion or sending a proposal to Ofgem that differs from the original without agreement from the Proposer. The group noted that it is important for smaller parties to be able to have a voice.

3.17 In terms of which parties could raise a Grid Code Modification, with Open Governance it was noted that TOs (such as those in Scotland, England & Wales and OFTOs) have no licence obligations in relation to the Grid Code. Another Workgroup member agreed that this is conceptually right as everything happens through the STC. It was commented that the framework is designed so that the SO, independent of generation and supply, has the licence obligations in relation to user facing codes. The group considered whether Onshore TOs should be allowed to raise Grid Code modifications. It was suggested that if they are, then you could use the Authorised Electricity Operator definition in the Grid Code and update it to include 'or relevant licensees'. It was suggested that Onshore TOs have a right to raise Grid Code Modifications but it is through the STC and not the Grid Code. A Workgroup member added that Grid Code Users do not have a path to raise Modifications to the STC code, so it is fair for Onshore TOs not to have an equivalent path through the Grid Code. The group agreed

that there was a role for the Onshore TOs to be members of the GCRP and it was reasonable that they also be allowed to raise Grid Code Modifications.

3.18 The group considered Interconnectors and it was noted that under European law they are all classified as TSOs. One Workgroup member felt that all TSOs should be allowed to raise Grid Code modifications at least to the areas affected by European Network Codes. The Ofgem representative noted that the group need to be careful about making assumptions about the future implementation of European Network Codes in GB.

3.19 The National Grid representative observed that there is no restriction currently as to who can raise a Grid Code Issue. A Workgroup member felt that we should try and retain what there already is, but extend slightly to include smaller generators or Users. The Proposer advised that by signing up to the CUSC, a party is bound by the Grid Code. So therefore any party who is bound by the Grid Code should be able to raise a Modification to it. It was noted that if that logic is applied then the Onshore TOs would not be included, as they do not sign up to CUSC and are not bound by Grid Code. A Workgroup member felt that the Onshore TOs are affected by the Grid Code so should be able to raise modifications. It was also noted that, accordingly, generators who were affected by the STC should be able to raise STC changes. It was agreed that whilst this might, in principle, be appropriate it was not within the vires of the group to consider STC change matters. The group considered which sections of the Grid Code would apply in this regard. It was commented that the Grid Code has the Planning Code in it and the Onshore TOs are required to plan the network according to this section of the Grid Code. In response, it was noted that there is no obligation, within the Grid Code, on the TO for either side of the transmission boundary and that there are lots of assumptions, but no explicit obligations. The point was raised that if TOs are not allowed to raise Grid Code Modifications, then how are National Grid regulated given that they are both SO and TO? One Workgroup member felt that he would rather not be restrictive in respect of who can raise a Grid Code Modification and that the GCRP's function is to act as a filter anyway so would be able to regulate Modifications raised.

3.20 The Proposer noted that there is a pragmatic balance between excluding parties, and allowing absolutely everyone in GB to raise Grid Code Modifications, as every consumer is affected by the Grid Code. Therefore, including the option of the Materially Affected Party route for case-by-case designations, when combined with the other three groupings, is the most pragmatic way forward.

3.21 The Proposer advised that the ability to raise proposals should be for parties bound by Grid Code obligations, Citizens Advice and Citizens Advice Scotland, and anyone else designated by the Authority as a Materially Affected Party; either individually or collectively as a 'grouping'; and so it is not restricted to just Licensed parties. It was observed that this must include smaller parties. This puts the onus on those parties to go to Ofgem to become designated as 'Materially Affected'. The group considered using the term Authorised Electricity Operator (as per the current Grid Code definition) for who can raise a Grid Code modification. With regard to the consumer representative, it would be specifically Citizens Advice and Citizens Advice Scotland. It was suggested that you could add 'and any successor body' as a safeguard for the future in case the names of Citizens Advice and Citizens Advice Scotland changes (as they have recently).

3.22 The group concluded that there are four groups of parties who should be able, under Open Governance, to raise Grid Code modifications (more than one of which could be applied):

1. Using the Authorised Electricity Operator definition in the Grid Code

2. Citizens Advice and Citizens Advice Scotland;

3. NGET plc and

4. Materially Affected Party (designated as such by the Authority).

3.23 The Workgroup noted the responses received in the consultation as to who would be able to raise a Grid Code modification, namely that the majority supported the Workgroup view that it should be all four groups as described above. **The Workgroup unanimously concluded that it should be all four groups above, as long as they cover small parties which the group felt it would.**

3.24 The recent requirement for the Authority to raise or direct modifications under the Third Package was highlighted. There was unanimous agreement in the Workgroup consultation and amongst the Workgroup members that the Authority should be able to raise or direct Modification Proposals where they consider it is necessary to comply with or implement the Regulations and/or any legally binding decision of the European Commission.

3.25 The Code Administrator talked the group through the potential process with regard to making changes to legal text after the Industry consultation stage. Under the CUSC, the Panel can agree to minor changes as they see fit, or send back to a Workgroup for further work if the changes are deemed more substantial. **The group felt it would be pragmatic to adopt a common sense approach in this matter and agreed that the GCRP would be able to agree on minor changes after the Code Administrator (Industry) consultation stage.**

3.26 The typical Workgroup voting process was considered by the group. The Ofgem representative highlighted potential confusion around expressing a "best" preference (in particular whether it is accurate to say in all cases that the 'baseline' can remain an option for individual Panel Members when voting, if they have already voted that one or more options better facilitates the Objectives; it was questioned how a Panel Member could vote that 'no change' is best - if they have already formed a view that one or more options on the table is better than the baseline/status quo). The Code Administrator informed the group that under the CUSC, although the CUSC Panel expresses a 'best' preference as this is something that Ofgem had requested in the past, it is actually not required in the Panel vote and it is simply a vote as to whether each proposal better facilitates the Applicable code Objectives.

3.27 **The group felt that it was reasonable to follow the CUSC approach with regard to the typical Workgroup vote.** The group considered Ofgem's position in making a decision when there is not a consensus on the best way forward. The group also considered when a typical Workgroup holds their vote and it was advised that it is best to vote live in the meeting but there is some flexibility and it can, for example, be done afterwards via email. However, a Workgroup member cannot vote in advance as the discussions in the final meeting may affect their vote. A Workgroup member or their Alternative needs to attend at least 50% of the meetings to be able to have a vote to avoid the risk of a party attending the final meeting just in order to have a vote without being part of the majority of discussions.

3.28 The group considered what the content of a Grid Code Modification Proposal form would be. It was observed that it should be clear that proposals can only be raised against the baseline and not based on possible future changes. The Code Administrator advised that this could be made clear in the guidance, although it is implicit already. The proposed Modification Proposal Form can be found with Appendix 1 of Annex 3 in this document. It was also noted that the role of the Code Administrator would become more crucial in engaging with parties, talking through potential modifications and generally supporting the whole process.

3.29 The group talked about the timetable for raising and progressing a modification. The GCRP meets every two months rather than every month like the CUSC Panel. However it would be possible to have extraordinary GCRP meetings in between the standard meetings in order to progress a Modification if necessary.

3.30 The group briefly talked about the potential for the GCRP to amalgamate Modifications but it was agreed that this is not appropriate and unlikely to happen, and to therefore remove this option. During the later workgroup meetings to page-turn the legal text, the Workgroup noted, in relation to proposed paragraph GR19 for Panel Proceedings, the GCRP would be allowed to amalgamate two modification proposals as currently exists in the CUSC. The Workgroup agreed that a safeguard should be added to this text that allows a Proposer to object to the amalgamation of their proposal with any other proposal.

3.31 The group looked at an example (CMP213) to see how Alternatives could be measured and assessed and considered how Alternatives work under other codes. It was felt that the BSC process of allowing only one Alternative can be too restrictive, but also that the CUSC process of allowing an unlimited number of Alternatives can become complicated. It was noted that the Workgroup and the Workgroup Chair can argue for and against Alternatives so there is leeway and also that that Principle 7 of the Code Administration Code of Practice (CACOP) requires multiple alternatives rather than one. The Proposer observed that often Alternatives were around giving parties (and Ofgem) various 'permutations' around what is often a small number of options. CMP213 was a classic example of this where the options were requested, in their Direction, by Ofgem and that this lead to 'natural' permutations with multiple alternatives. The Ofgem representative felt that the importance is around checks and balances and the key is for the Workgroup to make it efficient as possible. The Chair of the Workgroup can progress an Alternative if they feel that it better facilitates the Objectives so it can be presented to the Panel and the Authority for recommendation / decision. They are not allowed to raise an Alternative themselves. The group generally felt that the CUSC model works well by having an unlimited amount but placing an onus on the Workgroup and Workgroup Chair to try and be efficient and minimise the number of Alternatives raised. A Workgroup member noted one potential downside of having lots of Alternatives, such as the right of appeal. If Ofgem agree on one Alternative that the Panel agreed on, a party cannot challenge the other modifications. This therefore creates a risk for the industry as it lowers the options and may limit the right of appeal to the Competition and Markets Authority (CMA). However, it was noted that at the moment there are no CMA appeal rights related to the Grid Code and nor would there be with GC0086, as a change to the legislation, by Parliament, would be required.

3.32 Under the CUSC, there is a formal process that allows stakeholders to raise a Workgroup Consultation Alternative request. This formalises the ability for parties to raise an Alternative via this route and clarifies that any suggestions in the response cannot be treated as an Alternative, instead the respondent has to fill in the appropriate form which the Workgroup then discuss. The Workgroup Chair also has the ability to 'save' an Alternative if the majority of the Workgroup do not support it, but the Chair feels that it is justified against the Applicable Objectives and so should be put forward to the Panel and to the Authority as an option. The group agreed that this route should be included and it was noted that if parties make suggestions in their responses, the Proposer and/or Workgroup can still adopt that as part of their solution if they wish.

3.33 However, in the final meeting it was considered whether the requirement to hold a Workgroup consultation should be codified. The Proposer envisaged that a consultation would be carried out in all cases where a Workgroup has been formed and it was highlighted that this is the only route which gives parties that are not on the Workgroup the option to raise an Alternative request. The Workgroup consultation also provides the opportunity to ask questions on the modification whilst the Workgroup still has the opportunity to develop the solution. Some members of the GC0086 Workgroup, whilst agreeing with the principle of a Workgroup Consultation, did not feel that it should be mandated in the code. They considered that it represents an extra level of

work that may that not be proportionate or efficient and could significantly extend the timescale of any modification proposal. **The majority conclusion was that a Workgroup Consultation should be mandated, but there were some strong views that this is not necessary.**

The need for and creation of an informal forum to discuss Grid Code issues in addition to the formal Panel – practicalities and cost.

3.34 In the first Workgroup meeting, it was suggested that a discussion forum would help in accessibility, engagement and in the preliminary discussion of issues before they reached the GCRP. The example of how things work under the BSC was discussed in relation to this and it was noted that a lot of issues under the BSC do not result in Modifications, so it is good to discuss in a more informal environment to prevent Modifications being raised that are not appropriate (which lead to wasted resources). The Proposer added that it gives a loose structure and is a useful mechanism for parties that are not sure if it is an issue, rather than the alternative which would lead to them raising a Modification straight away.

3.35 A Workgroup member noted that the GCRP's role is changing under GC0086 as it is overseeing the Modification process and although the expertise is important, a lot of this expertise is for the Workgroup rather than the GCRP. There was agreement with these comments but it was noted that currently the GCRP has an advisory role as well with regard to more general Grid Code matters. It was suggested having a two-part meeting where one half discusses the Modification business, but the other part could be used as an advisory meeting where other parties may be invited if appropriate. However, the group noted that the potential advisory group could take this role, to ensure that this area of business gets covered in some way. It was suggested that something similar to TCMF (Transmission Charging Methodologies Forum) could be formed, such as a "Grid Code Advisory Forum" (GCAF).

3.36 The group considered establishing another group in addition to the 'GCAF'. It was felt that an issues group could be formed as and when required to discuss specific issues, as agreed by the GCRP. The GCAF would report into GCRP and the "Grid Code Issues Group" (GCIG) would report into GCAF. The GCAF would be a forum which the subject matter experts would attend. It was agreed that it would be for the GCRP to agree the Terms of Reference for such a group and not for the GC0086 Workgroup to decide the details. It was suggested that the Chair of the GCAF would be appointed by the GCRP and would have a non-voting position on the GCRP in order to provide updates, and that GCAF would be an open forum (like the TCMF under CUSC governance). There would be a standing item on the GCRP agenda for a GCAF update. **A majority of the group agreed with this approach to ensure a clear linkage between the GCAF and GCRP.**

3.37 The figure below shows the proposed structure for the GCRP and related groups.

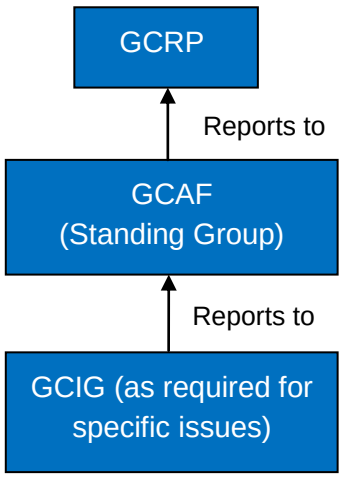


Figure 1: Proposed structure for GCRP, GCAF & GCIG

3.38 The group considered how these additional two groups (GCAF and GCIG) would work in practice and what an issues group would deal with specifically. The Code Administrator advised that if a party had an idea or concern (but not a worked up Modification proposal), then it would go to the GCAF for discussion and development. It could then also go to an Issues Group if specific development was required before being raised; by a party rather than the group; as a Modification proposal. A fully worked up Modification proposal would go to the GCRP for a decision on how to progress. The group felt comfortable with the GCAF setting up its own issues groups rather than it going to the GCRP. Noting the possible of some commonality of membership of GCRP and GCAF the group suggested that the GCRP may, if required, then have a short teleconference in the morning of the GCAF in order to progress Modification business. In this scenario the GCRP would be considering, for example, matters of a more administrative nature such as had a Workgroup completed its Terms of Reference and thus their report (on the Modification) could go out for wider consultation. In other words these short GCRP meetings were not envisaged to be addressing, for example, votes on Modifications etc.

3.39 The group felt that the costs for creating an informal issues group would be minimal as they could, for example, meet via webinar / teleconference. The Proposer felt that the cost could actually be neutral as it would replace part of the GCRP and may also save cost and time in the long-run with Workgroups. The benefit of setting up such groups is around efficiency as it helps to crystallise the defect and targets the discussion. It may also result in a quicker process as a better quality Modification would be raised if the idea / concern had been raised as an issue (and considered by an issues group). There is also an advantage of being able to air views in an open manner and allow parties / experts to provide advice and support to the party raising the issue. It may also offer comfort to smaller parties, that there is consistency in the codes and that the same process can be followed under each code (CUSC, BSC and Grid Code) with regard to a pre-modifications process.

3.40 One Workgroup member advised that it is crucial to get as effective technical input as possible and that we do not want to lose the opportunity to get the right people at the right time to enable these discussions to take place. The group agreed, but noted that Open Governance changes where this expertise needs to be. There was a concern about a split of views going to the GCRP, GCAF and GCIG. One Workgroup member noted that he can see more emphasis being on GCAF in the future for discussion. There was a concern expressed about duplicating efforts but it was felt that the GCAF replaces the forum for broad discussion that is currently held in the GCRP and it is where parties would bring an issue to the table ahead of raising a Modification. GCAF then have the choice to set up an issues group and the output from the issues group can, where necessary, develop a worked up outline Modification which, if raised by a Stakeholder, would be presented to the GCRP.

3.41 It was noted that the GCAF could address an issue directly and not set up an issues group or send it as a Modification to the GCRP. Under the current constitution rules, the GCRP has a role around interpretation and advising on an issue. This sort of debate would take place in GCAF in the new arrangements. The group had a discussion around clarity of what goes to GCAF and an issues group and when a Workgroup has been formed. It was noted that the GCAF may prioritise the list of issues so that only a few are focused on at first and that parties would still able to raise Modifications directly to the GCRP without having to go through GCAF. The Proposer advised that this is perfectly acceptable where the Modification is clear and worked up, and there is probably no need to discuss beforehand. The diagram below shows how the proposed groups and GCRP could work in relation to an Issue or Modification:

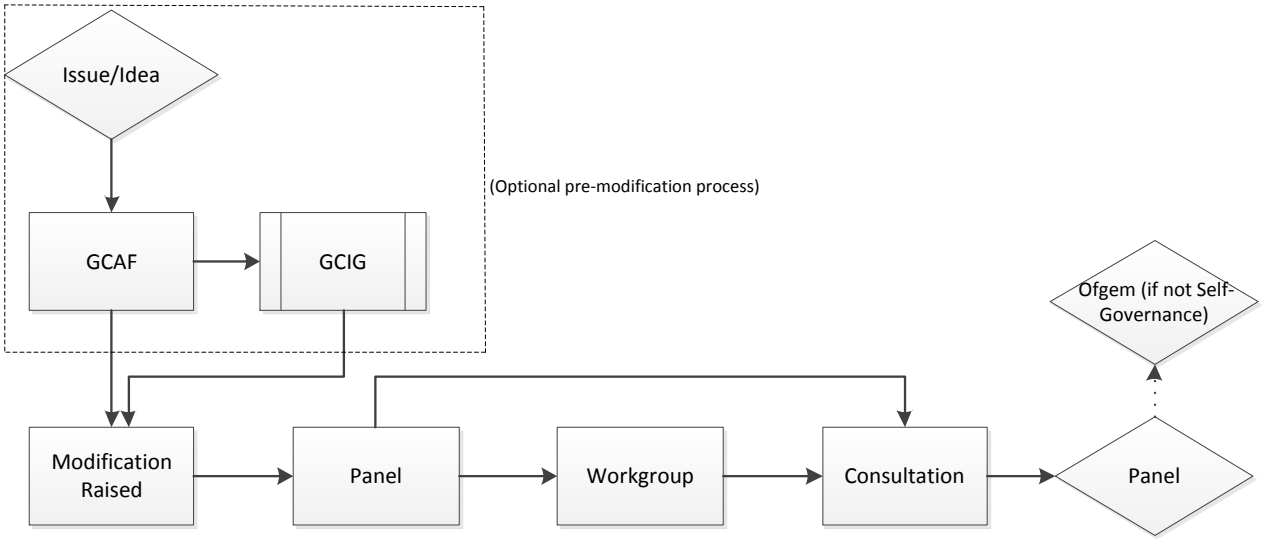


Figure 2

3.42 Some respondents to the Workgroup Consultation expressed concerns that the introduction of an additional group might be too bureaucratic. However, a majority of the Workgroup felt that in an Open Governance world, a development forum and specific issues group is essential to the process and in the long-term would reduce bureaucracy. **In conclusion, a majority of the Workgroup is supportive of setting up such a group.**

Reform of GCRP Membership as a result of Open Governance, taking into account the feedback from Panel Members expressed as part of GC0074

3.43 The Workgroup recapped on the discussions and views collated as part of GC0074. The Proposer advised that he is fully supportive, in principle, of an elected body but appreciated that in practical terms for some GCRP membership positions; there may be a need to be allocated by their associated stakeholder parties/groupings. A Workgroup member observed that the fundamental requirement of the Grid Code is to run an efficient system and meet demand on the network and voiced a concern that there may be an issue regarding the weight of generators in a typical Workgroup to push through an issue and that there may not be sufficient technical debate allowed in the GCRP. It was noted that if Open Governance is introduced as envisaged by the proposal and in line with the CUSC, there are multiple times for engagement and the first option is for a proposal to go to Workgroup if the GCRP decide it is necessary. The Terms of Reference can state that the necessary technical elements are discussed.

3.44 There was a concern about not having the right people in the meetings and potentially watering down the technical expertise of the GCRP. If GCRP membership is cut down, it puts more focus on getting the right people in Workgroups and increasing if possible their technical rigour. This concern may be alleviated by the creation of the GCAF. It was noted that there is the ability to carry out a Workgroup consultation and the opportunity to raise an Alternative, and also am Industry consultation. There is also the opportunity for a party writing separately to Ofgem with their views on the technical (and any other) issues / concerns with a proposal. The Ofgem representative highlighted that National Grid has licence and statutory duties and Ofgem expect National Grid would take steps ensure that right level of technical expertise at the Workgroup.

3.45 The group looked at the current representation on the GCRP. It was noted that the GCRP does not tend to vote. The group agreed that the GCRP tends to operate more by consensus, but that there may be downsides to this as this can lead to solutions which achieve 'consensus' rather than solutions which are best. The Code Administrator advised that the right to vote exists, but because only National Grid can

raise Grid Code Modifications, it tends to be a more informal agreement. A member of the group agreed that it is a consensus rather that a vote in the meetings but noted that the lack of formal voting is not the reason why Workgroups usually last for a long time. The subject matter is usually complex and there is also only a requirement to provide an update after 12 months if the Workgroup has not concluded, which in itself can undermine the whole process; i.e. is there really a defect that needs addressing if a Workgroup takes years to progress and agree on a solution. It was suggested that the GCRP could have a role of prioritisation and then it may self-regulate. If a shorter timescale is determined upfront, it sets the expectations. The current GCRP structure as detailed in the Grid Code is as follows:

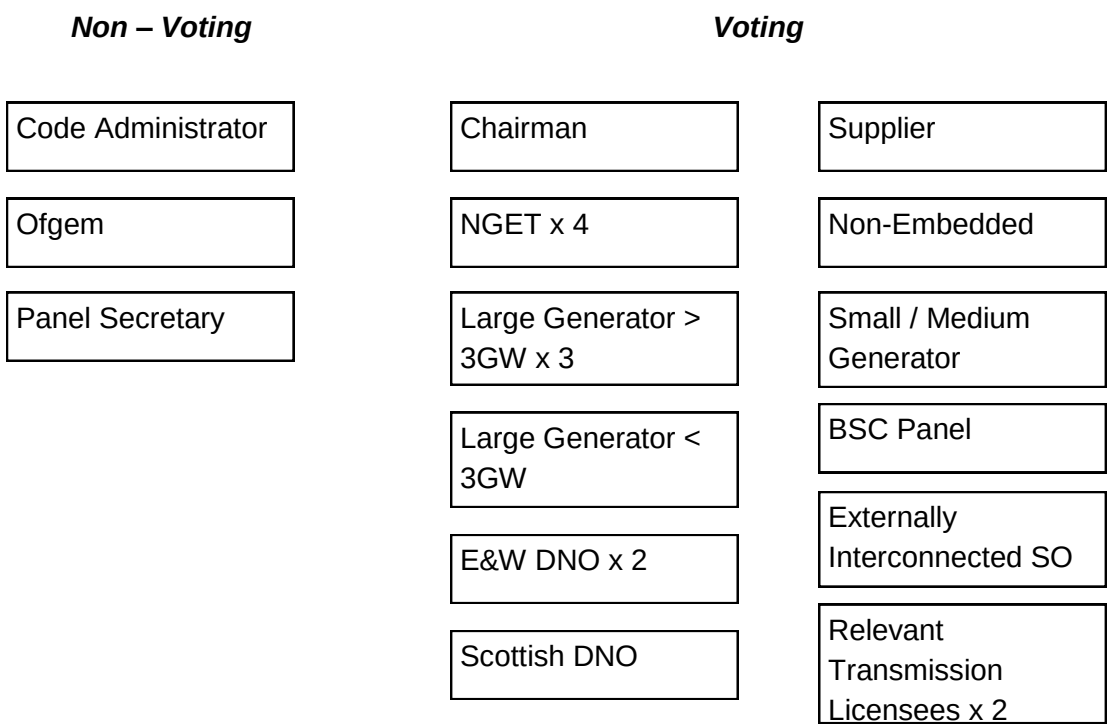


Figure 3: Current Grid Code Structure

3.46 The group looked at a proposed membership structure for the GCRP under GC0086. The right of the externally connected System Operators to have a seat and voting right on the (GB) GCRP was questioned as the (GB) SO does not have a role in the equivalent overseas code'(s)s Panel(s). It was suggested having a Consumer Representative appointed (as with the CUSC) jointly by Citizens Advice and Citizens Advice Scotland; who can vote. It was also noted that in the CUSC, the Authority can choose a representative if they feel that a class of stakeholders is not being represented on the GCRP so there could be one 'other' Panel Member. It was pointed out that it is an option, not a requirement, for the Authority to appoint someone to the Panel. The Ofgem representative suggested that this choice could be given to an independent chair, if there is one. Otherwise the option would remain with Ofgem. The group also recognised that the Consumer representative seat may remain empty.

3.47 The group moved on to consider who is elected and who is appointed to the GCRP. The group agreed that National Grid and the DNOs' GCRP Members are appointed and Generators and the Supplier GCRP members are elected. The group deliberated the Relevant Transmission Licensee seat and it was suggested that it has to represent the entire class (OFTOs, Interconnectors and Onshore TOs). A Workgroup member noted that there is nothing to stop any party attending GCRP meetings, which could also be broadcast on the web as happens with the BSC Panel. However, a Workgroup member commented that this is primarily a user facing code and it is not right that it could be possible for up to four OFTOs to attend a meeting. So the group agreed that this seat should be elected. One Workgroup member added that the OFTOs have a

different perspective of the Transmission Network. The group noted that the Chair, Consumer representative and the seat for 'other' are also appointed.

3.48 The Proposer suggested National Grid having an additional non-voting position which would allow them to appoint someone from the SO function in addition to the TO function and that between those two Members they would have a single vote (for them to determine who of the two exercises that single vote). The group considered an alternative option of having two votes for National Grid, one for the SO and one for the TO. The Proposer suggested that you could give National Grid as SO the proposed single Panel vote, and that National Grid as TO, along with the other TSOs in GB, could be elected (or appointed) to the single, voting, Relevant Transmission Licensee position on the Panel. Another suggestion was to increase the number of voting GCRP Members for networks from four to five (National Grid SO x1, National Grid TO x1, other (non-National Grid) Relevant Transmission Licensees x1 and DNOs x2) and then increasing the Generator voting GCRP Members from three to four (together with the single Supplier elected voting Panel Member). This approach would be thinking ahead to how it could work with the four generator bands; Types A-D; introduced by the RfG Network Code. With regard to the OFTOs, it was felt by some that the Relevant Transmission Licensee category (which, it is proposed, has a single voting member on the GCRP) covers both OFTOs and other TSOs (excluding National Grid) such as Interconnectors and the two Scottish TOs.

3.49 The group summarised their discussions in the third meeting and developed a proposed option for a GCRP Structure, which was split between non-voting and voting roles. There were six seats for the non-voting roles which included a Chair; Panel Secretary; Code Administrator; Ofgem representative; BSC Panel representative and the Chair of the proposed GCAF. The group noted that the Chair would not receive a casting vote if they were provided by National Grid, but would get a casting vote if they were independent. There were ten seats proposed for the voting roles, with one seat for National Grid Electricity Transmission, who would be appointed to the role; two seats for DNO representatives who would be appointed by the ITCG (see para 3.51 below); one seat for a Supplier representative who would be elected to the role; one seat for a Relevant Transmission Licensee (for example an OFTO or a Scottish TO), which would be subject to an election; three seats for Generators, who would be elected; one consumer representative who would be appointed by Citizens Advice and Citizens Advice Scotland and one other seat, which could be filled by an appointment made by either the Chair or the Authority. This would give a total of ten votes.

3.50 One Workgroup member felt that both the National Grid SO and TO functions should be represented separately on the GCRP and have a vote each. The Workgroup member noted that it was not just about the vote, but about the weight that those roles carry, specifically the SO. They added that the SO needs a distinct voice on the GCRP as they have a licence requirement to ensure the functionality of the transmission system. The Proposer commented that that is why they have, with the GC0086 proposal, a distinct view set out in the final report for each Modification that goes to the Authority. It was agreed that National Grid should be able to represent both TO and SO and that the GCAF would give some comfort to this. It was commented that National Grid will be appointing two people to the GCRP in this new structure and it is up to them to decide where they are from (SO or TO). It was clarified that National Grid observers could attend GCRP meetings to provide expertise as and when required with the approval of the Chair but that one vote would be sufficient. It was noted that the Chair of the proposed advisory forum (currently called GCAF) would be in attendance at the GCRP and that they would most likely be an employee of National Grid.

3.51 It was questioned why, in respect of DNOs, England and Wales and Scotland are split as they are representing the GB distribution network community as a whole. If they are appointed they can agree between themselves which is best to ensure full representation. The group felt that in practice, the voltage and process differences need to be considered. It was suggested that it could be for the DNOs to decide how

those two seats on the GRCP are filed. The rest of the group were happy with there being two DNO representatives on the GCRP for the whole of GB. It was agreed that the Industry Technical Codes Group (ITCG) which is constituted under the Distribution Code should determine DNO representation as they look after common Distribution Code issues and currently employ the ENA as their service provider. Therefore, it was felt appropriate for this group to determine the DNO representation on the GCRP.

3.52 It was summarised that the proposed model described in paragraph 3.49 above equates to a total of ten voting Panel Members overall. The potential alternative is to increase generator votes to four and give National Grid two specific votes (one each for the TO and SO functions), which totals twelve Panel votes. This would increase the size of the GCRP, overall, by two voting members. A Workgroup member felt that the group had underplayed the transmission side of the GCRP. It was suggested that National Grid as SO would have a single Panel voting member, the onshore TSOs; namely National Grid TO, Scottish Hydro Transmission TO and Scottish Power TO; (shown as 'Onshore TOs' below) would have a single Panel voting member between them and the OFTOs and interconnectors would, combined, have a single Panel voting member. The Proposer noted that the DNOs, combined, would appoint two voting Panel Members. Suppliers would have a single, elected, voting Panel Member. There would be a single voting Panel Member position which would either be appointed to represent a group or groups of stakeholders not currently represented on the GCRP (i) by the Authority or, if an independent Chairman was in position, (ii) by the Chairman or (iii) be left vacant. In addition, as with the CUSC and BSC, there would be a single voting Panel Member representing consumers. Finally, there would be four elected Generator Panel Members, each with a vote. One Workgroup member noted a concern with the OFTO/Interconnector vote in that it may be a wasted vote as they may not have any business. However, it was noted that the same could be said for the consumer representative and supplier representative. **The new proposed structure that the Workgroup agreed on is shown below:**

Non-Voting

Role	Number of seats	Notes
Chair	1	Casting Vote only if independent, no vote if National Grid Chair (see para 3.77 below)
Panel Secretary	1	
Code Administrator	1	
Ofgem	1	
BSC Panel	1	
GCAF Chair	1	

Voting

Role	Number of seats	Elected or Appointed?
National Grid Electricity Transmission (SO)	1	Appointed
DNO	2	Appointed by ITCG
Supplier Representative	1	Elected
Offshore Transmission Owner (OFTO) or Interconnector	1	Elected
Onshore TO	1	Elected
Generator	4	Elected
Consumer	1	Appointed by Citizens Advice and Citizens Advice Scotland
Other	1	Appointed by Chair or Authority)
Total votes	**12**	

Figure 4: Agreed GCRP Structure

3.53 One Workgroup member had a concern around the lack of TO membership on the new proposed structure for the GCRP. It was considered that this may cause an issue, particularly with the level of technical debate that is held in the GCRP and the fact that it is a fundamental System Operator requirement to ensure that the transmission network is fit for purpose. Another Workgroup member suggested that a Panel Member from the STC sits on the GCRP, with a clear understanding that the STC will appoint to that position one of the Scottish TOs. It was considered by one Workgroup member that Transmission Owners have a vested interest as they plan the transmission network and therefore need representation on the GCRP and they do not believe that there is an appropriate route through the STC. It was countered that Users do not have a seat on the STC.

3.54 It was observed that with GC0086 the voting membership of GCRP had been dramatically reduced compared to the current structure. The conclusions of GC0074 were highlighted but it was noted that the structure in Figure 4 above is a reflection of the changing role of the GCRP, from a discussion body into a decision-making body and also that the conclusions of GC0074 were not made in the context of Open Governance.

3.55 A concern about small parties being left out of the membership of the GCRP was raised and the Workgroup noted that ideally wind farms and similar parties should not be left out, however there has to be some cut off as it is not practical to have a representative for every party. The question was asked about what happens if a generator role on the GCRP were reserved for a small party and then they do not turn up because they feel it does not apply to them, effectively leaving only two generator representatives on the GCRP. It was suggested that one of the generator roles could be filled by one of the Trade Associations, such as Energy UK or Renewable UK, and that the election votes would likely go in their favour because of their broad representation. The Proposer added that generator representation on the GCRP could be rationalised based on the four European generator bands (A, B, C and D) for future proofing based on those parties bound by the Grid Code. The definition of what is deemed a small party was examined and it was noted that, under the proposed RfG definition, this would include 800W – 1MW; i.e. domestic level; generator parties who may be represented by the consumer representative on the GCRP. The Workgroup noted that the additional position on the GCRP that could be filled by appointment by the independent Chair or the Authority also allowed for very small parties to be represented on the GCRP.

3.56 One Workgroup member felt that there should be some definition of a process regarding a review of any vacant seat(s) following the bi-annual elections to potentially appoint someone, as it is short-sighted to have an empty seat, noting the distinction between the elected position of 'other' and a seat that has not been filled due to lack of nominations. It was felt that the GCRP Chair is in a better position to decide on this as they should be best able to understand what the gap is and who can fill that gap. **In conclusion, the Workgroup agreed that in the event of an unfilled seat, the Panel Chair should attempt to find someone suitable and make a recommendation to the Authority.** The 'other' seat is separate to this. The 'other' position on the GCRP is for use if a class of parties is considered by the Chair/Authority to be under-represented on the GCRP. It was agreed that that in order to maintain the balance and visible cohesion of the group, if a non-standard position is put on the GCRP, the Authority should be able to agree/veto.

3.57 The group moved on to looking at Alternate positions on the GCRP. The Code Administrator explained how it works in the CUSC, namely that there are up to five elected Alternate Panel Member seats available at every election; i.e. seven elected members and up to 5 Alternates (also elected, but who do not meet the voting level achieved by the seven successful candidates); but in practice these do not usually get filled and if a CUSC Panel Member is unable to attend a Panel meeting, they usually select another Panel Member to be their Alternate. It was suggested that the election

process for Alternates in the CUSC would be pragmatic for the Grid Code and then if someone leaves the GCRP mid–term, the next person with the highest vote in the GCRP election who is on the Alternate list could be put in place. The approach on the UNC that anyone can be nominated as an Alternate was also acknowledged.

3.58 The group talked about the frequency of GCRP meetings and whether holding meetings every two months may delay recommendations as these votes should be done face to face. It was suggested reviewing this after the conclusions of GC0086. It was noted that, crucially, other parties have got a route in to air their views before it gets into the modification process via the GCAF (see below). Teleconferences could be held for short GCRP meetings in the intervening month(s) to progress modifications from the Workgroup conclusions phase to the Industry consultation phase.

3.59 Finally, the group considered the issue of impartiality. Currently in the GCRP, members represent their group (e.g Suppliers, Scottish DNO etc). **Overall, the Workgroup agreed that each Panel representative should be impartial of their own company / organisation and represent the class of parties that they were nominated or elected for, as is currently the case.**

3.60 **The Workgroup all agreed to the Figure 4 structure set out above and that each of the 12 voting seats identified in the diagram should have one vote each.** The respondents to the Workgroup consultation either agreed with this approach or had no strong views.

GCRP Election Process

3.61 The group discussed elections to the GCRP in their second meeting and considered the timings of other industry code Panel elections. The BSC and CUSC elections are held on alternate summers and it was suggested that an autumn GCRP election in time for a 1st January appointment to the GCRP, with elections held every two years would be pragmatic. The group talked about possible options and timings, assuming an election for the new GCRP (if GC0086 is approved) is for a January 2016 start. One Workgroup member observed that if the Authority made a decision in, say, July / August 2015, Ofgem's 6 month timetable would take it up to January 2016. If an election process is held later than January 2016, such as April 2016, then it can be made clear that the GCRP positions are for a shorter period (21 months) than the normal two years on this occasion, and then the full two year membership will start in January 2018 after the next elections in autumn 2017.

3.62 The group considered how it could be decided who can nominate a candidate for the GCRP elections and who can vote in the election to the GCRP. The Ofgem representative advised that their list only had licensed participants on it and does not include exempt generators. A Workgroup member felt that whoever can nominate a person to be elected to the GCRP, can also vote in the election of that person. The group discussed the CUSC process, using CUSC Schedule 1 and noted that the usual process is that an email is circulated to parties highlight that the elections is coming up, and then every registered party gets an allocated paper and number, receives a paper with the possible candidates on and votes. It was observed by one Workgroup member that that this captures parties with a BCA, BEGA, BELLA, but it is hard to capture medium power stations in England and Wales and small power stations in GB. The Proposer felt that who are nominating / voting parties needs to be based on data that is published, and that others are captured by sending out an email and requesting that the potential candidate puts forward an 'application' via email which will then be considered.

3.63 It was suggested that anyone that cannot be captured because they are small, could be designated by the Authority as a 'Materially Affected Party' who would be able to nominate / vote. A Workgroup member suggested that the Code Administrator selects the appropriate Trade Associations to publicise the nomination / election process (SRF, Energy UK, Renewable UK, CHPA etc) and to ensure the correct representation. This would involve approaching the trade body and establish who they represent so they

can be deemed to be an appropriate person to select a seat. It was also suggested that a distribution list could be captured by GC0035 (Frequency Changes during Large Disturbances and their Impact on the Total System) as this contained a confidential list of Distributed Generators. The group felt that it would be pragmatic to use, in the first instance, the CUSC Schedule 1 list, and adhoc parties that are materially affected (to be designated by the Authority) could be added to this list in respect of the GCRP. In terms of small parties being represented, it was noted that they can have a voice through the generator seats, in that they can go to them and ask them to voice their issue/opinion to the GCRP. In addition, there would also be an opportunity for a party to go to other Panel members if they felt that the generators were not representing them, i.e. supplier, Ofgem, DNO, SO, Citizens Advice rep etc. One Workgroup member suggested that the best protection is that they have a clear seat / voice, even if through a trade body.

3.64 **In conclusion, the Workgroup decided that the GCRP election process should be as described above.** The Code Administrator would establish an electoral roll using CUSC Schedule 1 (with a cut off-date), and they may also look at the list under GC0035 and put together (with the help of the GCRP) a list of Trade Associations to include on the electoral roll. Then they would write out asking any other relevant and interested parties if they want to be on the electoral roll. Efforts would also be made to publicise this to try and give everyone the opportunity to be on the electoral roll. **The majority of Workgroup consultation respondents agreed with this approach for the GCRP Election process.**

3.65 The strawman for the election process (contained within Annex 3) was discussed, including the information in Appendix 2 of the strawman (Role Overview for GCRP Members and Alternate Members). It was suggested that the information sheet should be tweaked to allow only one party, and that there is a bespoke section on who they can nominate – so a generator can only nominate a generator, parties with a supplier licence can only nominate a supplier, or parties with both generator and supplier licence can choose generator and supplier etc. It was also suggested that the information paper is separate, and the email that is sent out could contain three paragraphs to be clear on which class of party can vote for whom.

3.66 Discussions then moved on to how a tied vote is dealt with. The concept of drawing lots was considered as a number of the GC0074 respondents agreed with this option. The group felt that for consistency, as this approach is taken in other codes, this is a simple approach. There was a concern that the result could potentially be that a Trade Association gets a lot of support. However, the group agreed that the outcome of the GC0074 discussion in this area is the most pragmatic way forward and the Code Administrator would administer the GCRP nomination and election process. It was noted that it is a much smaller pool for relevant transmission licensees but it was highlighted that there is an OFTO forum at the ENA that could be utilised in this regard.

3.67 **The Workgroup agreed that the definition of the Panel Recommendation Vote, as per the CUSC, is appropriate for the Grid Code.**

GCRP Voting Rights

3.68 Under GC0086, a vote from the Panel would give the Authority a recommendation to consider. The Authority opines on the basis of the evidence that has been submitted to them. They do not have to go with the Panel recommendation although they do take this into account. The Authority also has wider statutory duties which they have to take into account, as opposed to the Panel who would just vote on whether the proposal better facilitates the Applicable Grid Code Objectives.

3.69 The Workgroup noted the instances under the CUSC arrangements in which a Modification can be rejected before it enters the modification process, such as it being the same as a Modification that has gone through the process and has had a decision made in the last two months, and the pending rule, where the issue is already in hand. The Panel Secretary could reject a Modification if the correct information had not been provided, in which case the Secretary would advise the Proposer and they could re-

submit their proposal. The ability for the Modification to go to either a Workgroup or Consultation was discussed. One Workgroup member felt that if a Modification can go straight to consultation, you must have the appropriate input to the Panel meeting at which it is first presented to ensure that what is on the table is not an ill-founded proposal. The Code Administrator noted that, at such an early stage in the modification process, it would not be the role of the Panel to decide if the Modification had merits; that assessment would take place during the consultation phase and also at the end of the process in the decision making stage, when the Panel would give its views on the merits of the proposal. The group acknowledged that a lot of the problems regarding clarity of a modification proposal are around the difference between an issue and a Modification.

Independent Chair

3.70 The Strawman on the Independent Chair was first discussed at the third GC0086 Workgroup meeting. The Proposer felt that an Independent Chairman would be beneficial and that it could potentially be the same person for both the CUSC Panel and the GCRP in the future. It is possible that there may be a process in the CUSC at some point of recruiting a new Chair, so it could be that the GCRP chair is recruited at the same time, thus avoiding duplication of this recruitment cost. The Code Administrator highlighted that there is a cost involved in appointing an Independent Chair and gave the example for the CUSC that it was a 6 month process. For the BSC, a sub-group was set up from the Panel with guidance from head hunters and an advert was issued to seek potential candidates. These were then shortlisted, interviewed, and the subgroup came to a view as to who should be recruited. However, it was noted that the BSC Panel Chair is a more substantial role as they are also the chairperson of ELEXON Ltd, so it is a 2.5 day a week job.

3.71 The Proposer felt that a GCRP independent Chair will be cost neutral to National Grid as it would free up the current National Grid senior manager who is the GCRP Chair to do his day job, noting that the recruitment cost is separate to this day-to-day cost. However, the National Grid representative argued that this is a sunk cost as National Grid is already paying the current Chair and that in any case the same resource may well be used to chair the advisory forum, while the recruitment and salary of an Independent Chair would need to be separately budgeted. Another Workgroup member noted that there are efficiency savings elsewhere as the current Chair will be able to potentially chair or attend other meetings. Further discussions on costs and funding can be found in paragraph 3.74. The group considered the Chair for the potential GCAF and whether they would be independent. The group felt that the GCAF is advisory in nature which implies that it is preferable to have someone with a technical background, whereas for the Chair of the GCRP, whilst some background knowledge is useful, technical expertise is not a requirement.

3.72 The Code Administrator noted a concern with the recruitment process for the independent Chair. The Proposer advised that doing it once for both the CUSC Panel and GCRP would make it easier and cost efficient. It was felt that head hunters need to advertise as well as use their contacts to make it a fair and balanced process. One Workgroup member highlighted that there are other ways to recruit, such as Trade Associations, Trade Press and online advertisements, rather than using head hunters. The Proposer noted he was one of the four representatives on the sub-committee for the recruitment of the first CUSC Panel Independent Chair and that the process for the appointment of the BSC Panel Chair appeared similar, in principle, to that followed in the CUSC. The group agreed that as long as you have a reasonable and open-minded representation for the appointment sub-committee then, the process should be fair and transparent.

3.73 The group considered the position of the Deputy GCRP Chair. The group talked about the instances where a Deputy Chair would be required, i.e. notice in advance from the Chair (such as planned holiday or hospital stay) or an emergency / last minute absence (such as being stuck in traffic or on a delayed train). The group considered that if the absence was a last minute situation, somebody in the GCRP could be appointed to

step in and chair the meeting. If the absence was planned in advance, a National Grid senior manager could hold the position, as currently happens in the CUSC. It was noted that in both the current GCRP and in the proposed new GCRP structure, there are a lot of non-voting members, so the non-voting members could pick up the position of Chair so that the other voting members could vote, if there is a vote at that meeting. **The Workgroup agreed that this approach with respect to the Deputy GCRP Chair would be pragmatic.**

3.74 The group felt that the salary for the independent GCRP Chair should be similar to the current CUSC Panel Chair. The Code Administrator costs were highlighted and, while this view was not shared by all, the Proposer felt that there would be no overall increase in such costs, were Open Governance to be introduced (not withstanding recruitment costs for an independent Chair, although these could be shared with the CUSC appointment). It was observed that costs may actually decrease if it results in efficiency in the administration of the Grid Code. The Proposer felt that it is either neutral in terms of the overall impact, or there is a slightly reduced impact as the Code Administrator (and parties) no longer have to follow two processes, there is just one consistent process, and the efficiency will particularly increase if Grid Code Workgroups do not last as long because of the processes in place before a Modification reaches the decision stage.

3.75 The group considered the pros and cons listed in the Strawman for an Independent Chair. It was considered that there could be an investor confidence point, in that where you get changes to the Grid Code; it can have implications on the contracts users have entered into. An Independent Chair may provide more confidence and viability/credibility in the change process. The Proposer observed that parties may have more certainty that a proposal is progressed on its merits and it may give them comfort that an Independent Chair is in place instead of a National Grid Chair, who may take into account other considerations. Another Workgroup member agreed that, irrespective of whether they are acting in the vires of their chair role, there may still be the perception that a National Grid employee is making a decision. It was noted that this may be a perception and not something that has necessarily happened in the past. It was noted that the benefits of an Independent Chair were set out by the Authority when it introduced a similar change to the CUSC. It was also noted that the CUSC Panel Chair asked questions of the Authority at a recent CUSC Panel, and whilst this was appropriate, it may come under scrutiny if this was a National Grid Chair as it would effectively be a commercial company asking these questions, which may not be appropriate. A Workgroup member commented that it is important in the widest context that checks and balances are there; so that the process can be run as it should be and gave the example of what had happened with the Transmission Access Review (TAR) proposals where the CUSC Panel Chair (appointed by National Grid at that time) was put in a difficult position. It was felt that this situation would not have happened if an Independent Chair had been in place. A Workgroup member suggested that a disadvantage would be technical expertise, although there is nothing to say that an independent Chair cannot be technically competent, and it is also not guaranteed that a National Grid Chair would have technical competence. It was noted that whilst you may lose technical and historical experience, there are people within the GCRP that you can call on for this experience

3.76 In the final Workgroup meeting, the group considered the split views received in response to the question on this subject. Some Workgroup members felt that the current process works well and there is no need for an Independent Chair to be employed. However, others felt that it is an essential part of Open Governance. **Overall, the majority conclusion of the Workgroup was that an Independent Chair should be introduced under Open Governance.**

3.77 The group considered the issue of a casting vote for the Panel Chair and considered the responses received to the question in the Workgroup Consultation. The approach adopted in the UNC is that there is no casting vote and if there is a tie, then it is deemed that a case for change has not been made, therefore the status quo remains.

To recommend a proposal, you have to have a positive result for it to go through. One Workgroup member wondered whether restraining the Chair to stick to the status quo is appropriate. It was considered that where the Chair is independent; they could use their expertise and knowledge from the discussions to make a fair and balanced decision. If National Grid retained the Chair, then a casting vote would be putting them in a difficult position and it may therefore be preferable to retain the status quo in the event of a split vote, as the case for change has not been made. Initially the group felt that they would be more comfortable for an independent chair to have a casting vote. **However, the Workgroup concluded that it may not be suitable for the Chair to be asked to make a decision on a matter that the Panel is equally divided on, so therefore it was agreed that in the event of a deadlock vote by the Panel, the default position would be to remain with the status quo and the Chair would not have a casting vote.**

Self-Governance and Fast Track Self Governance

3.78 The Code Administrator explained the Strawman proposals that had been drafted for the Self-Governance and Fast Track Self-Governance processes. When a new modification proposal is raised, the Proposer will be asked if they think it meets the Self-Governance criteria, which is set out in the Transmission Licence, and is essentially a materiality test. When the new proposal is brought to the GCRP, the GCRP will decide whether it meets the Self-Governance criteria. If the GCRP believes the criteria are met, they will send a Self-Governance Statement to the Authority explaining the reasons behind the decision and the timetable for progression. The Authority has the power to veto the GCRP's decision to use the Self-Governance process, and the GCRP also has the power to withdraw the statement if they feel that Self-Governance is no longer applicable; the proposal would then revert back to the standard process. Equally, the Authority may determine that a proposal meets the Self-Governance criteria, even where the GCRP has not agreed to use the Self-Governance process. At the end of the Self-Governance modification process, the GCRP would make the decision on whether the modification should be implemented and a 15 day appeal window then commences to allow parties to appeal against the GCRP's decision if they wish; the appeal is heard by the Authority.

3.79 Both Self-Governance and Fast-Track Self-Governance proposals are subject to the materiality test and would be determined upon by the GCRP instead of by the Authority. The difference between the two is that the Fast Track Self-Governance process is for very minor/typographical changes (housekeeping) and does not include a consultation, whereas Self-Governance proposals would largely follow the same route as a standard modification, including a consultation. The differences between the different processes are summarised in the table below, which also includes the proposed Urgent route for ease of reference (see paragraphs 3.86 to 3.88 below).

Process Followed	Materiality Test	Workgroup possible?	Industry Consultation?	Decision Made by
Standard	Material	Yes	Yes	Authority
Self-Governance	Non-material	Yes	Yes	Grid Code Review Panel
Fast-Track Self-Governance	Non-material	No	No	Grid Code Review Panel
Urgent	Material	Yes	Yes	Authority

3.80 It was noted that there have been cases in the CUSC where the Panel felt that a proposal should have been Self-Governance, but felt restricted by the criteria set out by the Authority. However, in those instances, the Authority agreed that the Self-Governance route could be followed and a precedent has now been set. The CUSC Panel is now more comfortable making decisions to progress proposals under Self-Governance despite it not being clear under the criteria. The Authority is represented on the CUSC Panel, and their agreement to using the Self-Governance route is

obtained at the Panel meeting. The Code Administrator noted that proposals can move in or out of the Self-Governance process, dependent on discussions at Workgroup meetings or views from consultation respondents on the suitability of using the Self-Governance process. It was noted that Self-Governance Modifications should be relatively non-contentious as they would be considered not to have a material effect.

3.81 During the review of legal text for the Self-Governance elements, the Workgroup discussed whether it was appropriate for the Authority to have the ability to direct that a Modification Proposal should follow the Self-Governance route where the GCRP had already decided that a proposal did not meet the criteria and that it wanted the Authority to make the final decision. Two Workgroup members felt strongly that the Authority should not be able to direct the GCRP to make such a decision and the Workgroup agreed that this should be included in the Industry Consultation.

3.82 A Workgroup member advised that at the Code Administration Code of Practice (CACOP) review meeting held recently, Principle 10 (*Modifications will be consulted upon and easily accessible to users, who will be given reasonable time to respond*) was discussed and it was felt that consultations are not always required. The group were informed that the CACOP review group had agreed to change this to clarify that minor housekeeping changes under the Fast-Track Self-Governance process can be progressed without having to consult. It was observed that whilst some changes are seen as minor on paper, they may in fact have a material effect, such as changing a positive to a negative in a calculation, even though it was incorrect in the first place. Self-Governance and Fast Track Self-Governance are more efficient processes to allow the industry to effectively be able to make decisions on straightforward issues without the need for an Authority decision.

3.83 During the course of the discussions on Self-Governance and Fast-Track Self-Governance, the Workgroup noted that far fewer issues or Modifications are raised under Grid Code governance than under either the BSC or the CUSC, which already have these processes implemented. One Workgroup member felt that this fact was significant as the benefits of Self-Governance may not be as great for the Grid Code. To illustrate this point, the Code Administrator provides the following information regarding numbers of Modifications raised. It is worth noting that not all Grid Code "Issues" raised at the GCRP progress to being Modifications which are submitted to the Authority for a decision.

Code	Number of Modifications (or Grid Code Issues) raised (1 Jan 2011 to 31 Jul 2015)
CUSC	64
Grid Code	42

3.84 **In conclusion, a majority of the Workgroup agreed that both Self-Governance and Fast Track Self-Governance should be introduced as part of Open Governance into the Grid Code, pending consultation views on the issue of Authority direction above.**

3.85 The group considered whether implementing Self-Governance and Fast-Track Self-Governance in one go or having a phased approach would be better to allow the GCRP to embed some of the new processes before implementing this particular aspect. The Proposer felt that the new GCRP should operate under the new rules from day one and could see the merit in introducing all measures in one go rather than on a staggered basis. The rest of the group agreed with this approach, noting that it will be simpler and clearer to implement in one go and whilst there will be a learning curve, it would be simpler to start with a clean sheet. The Code Administrator commented that the GCRP may not utilise their Self-Governance powers initially whilst they get used to the new ways of working, as had been the case with the introduction of similar provisions to the CUSC, so having comfort that the Authority will make a final decision

to approve / reject a Modification. The group agreed, but noted that whilst the default would be to go through the standard process, at least Self-Governance and Fast-Track would be in place so that the GCRP could start getting familiar with it, with advice and support from the Code Administrator.

Urgency

3.86 The Code Administrator talked through a Strawman for the Urgent Modification process, noting that with urgency all timescales in the standard Modification process can be reduced, assuming agreement from the GCRP and ultimately from the Authority to use this route. There is a set of criteria, issued by Ofgem, that the urgency process is measured against, however the list is not exhaustive.

3.87 The Proposer advised that the first check is that the Modification proposal is linked to an imminent date related event, and the other criteria then follow on from that as the second check, as illustrated in the open letter from Ofgem on 25 May 2011[3]. Another Workgroup member felt that the wording 'reasonably foreseen' is very important in the context of the criterion regarding compliance with an imminent legal requirement which could not have reasonably been foreseen by the Proposer.

3.88 The group considered that whilst this process is not used often in either the BSC or CUSC, it may become more applicable with the European Network Codes, as mistakes / omissions may be made that need rectifying urgently given the likely volume of Grid Code (and other code) changes envisaged in the next 2-3 years. The Proposer felt that urgency is an existing process that gives the ability to implement changes quickly, notwithstanding the checks and balances that underpin the process. A concern was raised around the lack of any safeguards in the process but the Proposer responded that the safeguard is with the Authority as they (i) have the final decision on whether urgency status should be granted or not, and if so, (ii) the timetable which the modification proposal should follow and, finally, (iii) they still make the final decision to approve (or not) the Modification. **The Workgroup concluded that they are supportive of the introduction of an urgency process.**

The cost and funding for implementing any new arrangements

3.89 It was noted that any cost benefit analysis may need to be qualitative rather than quantitative, as the Workgroup discussed that it would be difficult to set out accurate costs as it is not clear what the volume of modification proposals would be under Open Governance. The Ofgem representative observed that the Workgroup should provide figures as far as possible, but as long as it is clearly set out what the views are (i.e. that it is cost neutral or not), then the Authority would take that into consideration. The Code Administrator advised that the report would clearly articulate the views on this matter.

3.90 Overall, the conclusion of the Workgroup was that there does not seem to be any great cost implication as a result of introducing Open Governance into the Grid Code. There is however a cost associated with the recruitment process and funding of an Independent Chair. The Proposer referred to his previous points on this, namely that Table 4.1 of the Charging Statements indicates that the cost for the National Grid appointed Chair is similar to that of an independent Chair, so it would be cost neutral or it could actually end up being cheaper as the Charging Statement refers to a 'Section Manager' whilst the actual appointee from National Grid has been a 'Senior Manager'. In respect of the cost of recruitment (of the GCRP Chair), the Proposer also referred to his suggestion of recruiting at the same time as the CUSC Panel Chair, which would result in the cost actually being neutral as National Grid is already incurring the cost (under the CUSC).

[3] https://www.ofgem.gov.uk/ofgem-publications/61725/code-modification-urgency-criteria-final-decision.pdf

3.91 One Workgroup member questioned the expected costs for the other forums suggested, particularly in terms of expected man days input from the industry. It was felt that in terms of the Modifications, the number of these in the future cannot be determined. If more Modifications are put forward it may be an indication of the success of GC0086. There may possibly be a short-term cost but only because Modifications were not raised before due to the lack of Open Governance. The amount of work undertaken by the industry on Modifications effectively becomes self-regulating as there is a finite resource amongst industry for developing Modifications. In terms of the proposed Grid Code Advisory Forum, there may be an increase in the number of issues in comparison to the GCRP. In terms of the issues group, it was highlighted that we have these now in terms of workshops so it may not be any different in the future in terms of resources. However the Grid Code Advisory Forum is important as it enables discussions that currently happen at GCRP to still take place and is a way to channel potential future Modifications. The Code Administrator observed that if you take an issue to a pre-modification group, it would then go to the GCRP as a better developed Modification, and it would be more likely to give a more reliable timeline for a Workgroup.

3.92 Overall, it was thought that there would be greater efficiency in the Grid Code change process as the GCRP becomes more streamlined. The group considered the potential number of attendees for the new GCRP and GCAF in comparison to existing arrangements. Currently, the GCRP has approximately 25 attendees, plus workshops and Workgroups. Under the proposed arrangements, there could be around 16 attendees at the GCRP, noting that some of these will often dial in, and around 20 for the GCAF. In terms of timeframe, the example of CMP213 was highlighted in that there was significant discussion, technical analysis and modelling of this very complex and contentious SCR proposal and yet this Modification from being raised to being submitted to the Authority was completed in a year.

3.93 The group felt that the Workgroups would be where the efficiency savings are, as they would be shorter because the defect would be clearer as the issue has gone through the GCAF and potentially an issues group. The issues group only meet if there is an issue to address. They will not change the Grid Code as they cannot raise a Modification proposal so there will always be that ‘check and balance’ as the issues group does not have that power and the Modification will always go through a formal GCRP process, rather than GCAF or issues group. The benefit of this is that if a party comes forward with an issue or draft Modification, the Code Administrator could suggest taking it to GCAF to get industry feedback and refine the issue / clarify the defect. It is therefore a better quality product that goes to the GCRP.

Potential Licence changes

3.94 The group acknowledged that there may be potential Transmission Licence changes. It was noted that the appropriate wording to introduce the Open Governance arrangements into the Transmission Licence already existed in the licence, in Condition C10 (CUSC), which could be copied when developing the necessary C14 (Grid Code) changes.

3.95 The Ofgem representative advised that if licence modifications are required, the process may take around six months which will subsequently impact on the timetable for GC0086. However, one Workgroup member noted that as Open Governance was suggested previously by Ofgem under their CGR Phase 2 proposals, there is already an initial draft of licence changes that Ofgem considered may be required to implement Open Governance. Licence changes typically involve an informal consultation first, then a statutory consultation followed by a 56 day implementation period.

3.96 The Code Administrator talked through Licence Condition C14 (Grid Code) and advised that changing the role of the GCRP would have a knock on effect in the Licence. There may be a change in Paragraphs 2A and B around whose role it is to periodically review the Grid Code, as it could be changed by other parties if Open Governance is introduced. It was noted that the wording already exists in C10 for the

CUSC so it could be copied, or at least used as a starting point. C10 also provides a model for the TCMF, so this could be the same for the GCAF. This gives the GCAF the gravitas that it needs as well as assurance to stakeholders around the GCAF arrangements being enshrined in the Grid Code. The Proposer felt that as long as the Transmission Licence changes achieve Open Governance in the Grid Code as set out in the CUSC, stakeholders will be indifferent as to what wording is used in the Licence; however he would be nervous if some aspects of Open Governance were not transposed into the Grid Code. The Ofgem representative advised that some Code Governance Review licence conditions for the codes are worded slightly differently, but they all broadly achieve the same thing, so it is just a case of choosing the appropriate wording. The group agreed that they were happy for the Code Administrator to look at the potential licence changes with Ofgem and feed back into the Workgroup.

3.97 In the Workgroup's final meeting, one Workgroup Member noted that licence changes have been progressed more quickly than the six month process envisaged by the GC0086 Workgroup, for example changes to NGET's Transmission Licence for amendments to the arrangements for SBR and DSBR which took less time. The Ofgem representative subsequently noted that each proposal to modify a licence depends on the nature of the change and on any consultation Ofgem may undertake prior to the statutory consultation process and so timings are variable and specific to each proposal.

'NETSO' view or 'Transmission Licensee' view in Modification Reports

3.98 Currently National Grid is given the right to expressly provide their views on the proposal in the report that goes to Ofgem. A Workgroup member advised that he is mindful of the System Operator view as they have a unique position although they are commercial, so he would be happy to have their view explicitly set out in the report.

3.99 It was considered that under an Open Governance regime, it is not necessary to have National Grid's view as SO explicitly set out as the Authority has to make a decision on the proposal based on all the views in the report, not just the views set out in the executive summary of the report. The group were reminded that there are multiple channels throughout the process for parties to provide views. The Ofgem Representative advised that National Grid has a licence obligation to operate an efficient system so therefore it is reasonable for them to have a view in the report, however, it could be considered whether that needs its own section or not. The group expressed no particular view on where this SO view is set out in the report. The National Grid representative on the group advised that a view is provided currently for Grid Code Modifications and that they would like to continue this in recognition that the technical content of the Grid Code, and the particular licence responsibilities of the SO/TOs to the transmission network make it important that their view is brought out in the Final Report.

3.100 **The Workgroup concluded that it is appropriate that a System Operator perspective should be included in Modification Reports, as is currently done under the CUSC.**

Appeal Rights for Authority decisions

3.101 The process of voting in other Panels opens up the right of appeal to the Competition and Markets Authority (CMA) in certain circumstances. This is set out in the Electricity Act and in secondary legislation, which specifies which codes this appeal route applies to. It was noted that it is very rare to have an appeal to the CMA.

3.102 The Workgroup agreed that establishing appeal rights fall outside of its remit. However, they noted that under the GC0086 proposal, the only party that will be able to make a formal recommendation to the Authority is the GCRP. The recommendation will be recorded in the Final Modification Report sent to the Authority. If GC0086 is

approved, then DECC could be contacted to ask them to update the relevant Statutory Instrument[4] to include Grid Code modifications.

Legal Text

3.103 The Code Administrator advised in the first meeting that CUSC Section 8 is very difficult to read, and therefore a 'lift and shift' approach into the Grid Code, as suggested by the Proposer, may not be the best way forward. The Proposer had a concern about the Workgroup developing simplified legal text (which he agreed with in principle), and then it being changed into essentially the same as CUSC Legal text at the end of the process. It was agreed that using the current CUSC text is a very good starter for ten but work would need to be done to ensure that everything is covered and that the processes would work in the Grid Code in the context of the legal text. The Proposer noted that this would ensure consistence governance and change processes across the two codes which was identified by the Authority as being a particular benefit for smaller parties. It was felt that the proposed legal text for the new arrangements would need to be in a standalone section of the Grid Code, rather than spread across the Constitution and Rules and the General Conditions of the Code.

3.104 The group considered the text with regard to who can raise a Modification. When looking at illustrative legal text (based on the CUSC) in the issue paper for GC0086, paragraph 8.16.1 (a) with regards to the 'Materially Affected Party' section was highlighted and it was suggested that (iii) could be removed. Therefore the ability to raise a Modification proposal is captured through the Authorised Electricity Operator route, and the others are captured through the 'materially affected parties' definition.

3.105 With regard to Self-Governance and Fast Track Self-Governance, a majority of the group felt that it would be possible to take what already exists within the CUSC and insert this into the Grid Code.

3.106 With regards to the Urgency process, a majority of the group believed that it would be simplistic and pragmatic to use the CUSC legal text to include the urgency process in the Grid Code as it is relatively high level and does not make it too restrictive.

3.107 The group agreed that the current Grid Code Constitution and Rules need to be looked at, particularly looking at responsibilities for GCRP Members and how this would be divided up between the GCRP, GCAF etc. It was suggested that the Constitution and Rules could be deleted as the content may be addressed through Open Governance, or allocated to the GCAF. The group acknowledged that there also requirements in the General Conditions that need to be considered. It was suggested by one Workgroup member to include a table as an appendix in the consultation document to show what existing responsibilities could go to each body (GCRP / GCAF / GCIG)

3.108 The Workgroup held two dedicated meetings in April and May 2015 to page turn the draft legal text, prepared by National Grid, based on CUSC Section 8. A record of the Workgroup's discussions on individual elements of the proposed text can be found in Annex 3 of this document. The draft legal text to implement the original proposal can be found in Annex 2 of this document and comments are invited on it as part of this consultation.

3.109 The Workgroup noted that in addition to the proposed new "Governance Rules (GR)" section of the Grid Code, changes would be required to the General Conditions, to delete some existing text which would instead be included in the new GR section. The paragraphs affected are GC4: Grid Code Review Panel and GC16: Significant Code Review.

Potential Impact on the STC

[4] http://www.legislation.gov.uk/uksi/2014/1293/contents/made

3.110 The group considered what, if any, impacts GC0086 may have on the STC. One Workgroup member commented that the question is what happens to a Grid Code Modification today with regards to the STC. It does not go to the STC Committee or to the STC distribution list specifically, so there should be no difference in the context of Open Governance. Another Workgroup member believed that there is not a direct STC aspect in this regard. The Code Administrator noted that paragraph 8.20.3 of the CUSC contains a caveat regarding the STC, namely if it is believed that there may be an impact on the STC, the CUSC Panel has the ability to invite the STC Committee to appoint a representative to become a member of the Workgroup. One member of the group advised that he can see the validity of this being in the CUSC.

3.111 In conclusion, the group could not see any specific impacts of GC0086 on the STC at this stage, but noted that it may come up as part of the legal drafting.

Options for implementing individual components as well as the overall package of Open Governance Modifications

3.112 In the first GC0086 Workgroup meeting the group discussed the proposed packaging of proposals and the Code Administrator advised that there are three main elements to GC0086 that are fundamental to introducing this; (i) the introduction of Open Governance, Proposer Ownership and the creation of Workgroup Alternative Modifications; (ii) GCRP Membership and the creation of a Panel Recommendation Vote; and (iii) GCRP Elections. Additional elements could be standalone, particularly the introduction of an Independent chair as there are a number of issues to discuss such as the process and funding. The other three elements (Urgency, Self-Governance and Fast Track) are all about progressing a modification quicker so are separate, but have the same principle. The group agreed that the proposed packaging within GC0086 is logical and that the reform to the election process could effectively be introduced now.

Implementation

3.113 The group noted that the standard timescale to implement a Modification in terms of the code changes is 10 days after an Authority decision. The group also acknowledged Ofgem's 25 day KPI for making decisions on code modifications. The group considered the options of waiting until all aspects of Open Governance are completed, or implementing some elements sooner than others. For example, the Independent Chairman process may take several months to implement, but other aspects could be implemented very swiftly. It was suggested that National Grid and Ofgem could start preparing the Transmission Licence changes sooner rather than later. One Workgroup member suggested that the statutory Transmission Licence change consultation phase could start when the Modification is presented to the GCRP, so the licence changes and code changes could be brought into effect at the same time. However, Ofgem noted that they are unlikely to commence any licence consultation prior to GC0086 being submitted for decision. It was noted that the Authority has previously authorised National Grid to undertake work prior to a Modification being approved (e.g. the Transmission Access Review Modifications under CUSC).

3.114 The Workgroup noted that the issue that is time-sensitive is the GCRP elections and the Panel term of office. Previous discussions concluded that an election would take place in the autumn of every other year for the GCRP to take up its position on 1 January of the following year. Thus if the Authority approved GC0086 in mid-2015 it should be possible to hold a GCRP election in the autumn of 2015 with the new GCRP taking up its position in January 2016 for 24 months. However, given the progress of GC0086 being slower than initially anticipated, the Workgroup reviewed its implementation approach for the GCRP elections in its final meeting. Those members present at the meeting agreed that, four months following a decision by the Authority to approve GC0086, the GCRP members in post at that date should automatically resign. The four month window would be sufficient for the Code Administrator to run an election process or ask for appointments for the "new" GCRP.

3.115 In terms of other aspects of Open Governance, the Workgroup agreed that once the Transmission Licence changes have been approved by the Authority, 10 working days for implementation of the Grid Code changes is practical. With regard to Ofgem's view on starting drafting Transmission Licence changes early, the Ofgem representative noted that they would be happy to start looking at the changes with National Grid. As GC0086 is being led entirely by industry, Ofgem would need to form a minded to position to approve GC0086 before they started any licence drafting. It was noted that Ofgem are not bound to go ahead with any licence changes and that they would not normally initiate an informal consultation unless they were minded to approve the change.

3.116 The group thought about whether a transition or 'cut over' arrangement would be required regarding Modifications in process. The group considered the option of making it clear and having a date for cut over from the old 'status quo' structure to the new arrangements. The Code Administrator highlighted that Paragraph 8.27.8 in the CUSC talks about transition. It was felt that the new GCRP would need to be clear on the scope of its capability. The Workgroup agreed that wording would be required for the proposed Grid Code legal text. It was summarised that there are two options; (i) after GC0086 is implemented, all new Modifications raised after that date would proceed through the new arrangements and existing ones would carry on as before; or (ii) all Modifications, existing and new, adapt to the new approach. The Proposer noted a concern with regard to existing Modifications and Proposer Ownership, and by going with the first option it allows those Modifications that are further down the line to continue under the current Grid Code change arrangements. It was felt that this approach may be difficult to manage. It was also noted that National Grid would have raised the existing Modification(s) so would have Proposer Ownership in that sense, and the Workgroup looking at each Modification would just need to be clear that alternatives could now be raised.

3.117 There was discussion that the implementation of Open Governance should not negatively affect the adoption of the Requirements for Generators European Network Code. It was suggested by a Workgroup member that it may in fact actually assist its adoption in GB, as multiple alternative solutions could be brought forward which, based on the experience in other (Open Governance) industry codes, improves the quality of Workgroup outputs presented to the Authority.

3.118 **In conclusion, the majority of the Workgroup agreed that existing Modifications currently progressing through the Grid Code change process that had not been submitted to the Authority, at the time GC0086 were implemented, would adapt to the new approach.** The Code Administrator would work out which existing Modification(s) were affected and work with the National Grid representatives on Workgroups to explain the new processes and make sure there is a specific item on the agenda to look at alternatives, should GC0086 be approved. Respondents to the Workgroup Consultation also agreed with this approach.

Interaction with CMA's Energy Market Investigation

3.119 The Workgroup noted that the CMA had published its Provisional Findings and Possible Remedies relating to the Energy Market Investigation in July 2015. One Workgroup member provided references to specific paragraphs within two CMA documents, noting that the proposals within GC0086 appeared to be consistent with the CMA's provisional findings and possible remedies.

Workgroup Conclusions

3.120 The Workgroup's conclusions are summarised in the following table.

Summary of Workgroup's conclusions on elements of the GC0086 original proposal.

GC0086 Component	Workgroup Conclusion
Introduction of Open Governance and Proposer Ownership	Majority support for open governance and proposer ownership. See paragraphs 3.4 and 3.16. See also discussions on proposed alternative option from paragraph 4.1 onwards.
Who can raise a modification	Unanimous support for the four groups listed in paragraph 3.22.
Workgroup Timescales	Mixed views on whether a standard timetable should be codified. Mixed views on whether, if codified, the standard Workgroup timetable should be four or six months. See paragraphs 3.9 to 3.12.
GCRP Membership	Unanimous support for GCRP membership set out in Figure 4 in paragraph 3.52.
Introduction of a Panel Recommendation Vote	Unanimous support for introduction of a Panel Recommendation Vote on implementation of modification proposals. See paragraph 3.68.
Election Process	Unanimous support for the election process set out in paragraphs 3.61 to 3.66.
Introduction of Independent Chair	Majority support for introduction of an Independent Chair. Minority opposing view that Independent Chair not required. See paragraphs 3.70 to 3.77.
Independent Chair casting vote	Unanimous support for the Independent Chair not having a casting vote in the event that the Panel vote is tied; therefore the status quo would prevail. See paragraph 3.77.
Introduction of Self-Governance	Majority support for introducing a self-governance process. See paragraphs 3.78 to 3.84.
Introduction of Fast Track process	Majority support for introducing a fast-track self-governance process. See paragraphs 3.78 to 3.84.
Introduction of Urgent process	Unanimous support for introducing an Urgent process. See paragraphs 3.86 to 3.88.
Introduction of Grid Code Advisory Forum / Issues Group	Unanimous support for setting up a GCAF, with support for an issues Group if required. See paragraphs 3.34 to 3.42.
Authority-directed modifications	Workgroup acknowledges Authority's ability to direct modifications in relation to European Law.
Implementation	Unanimous support for implementing GC0086 as one package of changes, rather than individual elements. Majority support for transitional approach which applies new governance process to existing mods that have not been submitted to the Authority.
SO view included in executive summary in Reports to the Authority	Unanimous support. See paragraphs 3.98 to 3.100.

4 Alternative Option

4.1 An alternative option was proposed by a Workgroup member. The key differences between the elements in the original and the proposed alternative option are that the alternative (a) does not include an Independent Chair; (b) does not include a Self-Governance or Fast–Track Self-Governance process and (c) does not mandate a Workgroup Consultation. In addition, the proposer of the alternative option explained that it aims for a much more flexible and less prescribed approach than using the CUSC Section 8 as a basis for the legal text.

4.2 In terms of the legal text, the Workgroup member preferred to use a "plain English" approach and felt that this could be achieved by using the existing GCRP Constitution and Rules document and only adding in text required to introduce the new elements of an open governance regime. The Workgroup member provided a change marked version of the Constitution and Rules document, accompanied by a summary of those elements of the Open Governance regime that he wished to see in an alternative option to the "original" proposal. These documents were circulated to Workgroup members and can be found in Annex 7 of this document, with the legal text in Volume 2. A minority of other Workgroup members supported this approach to the legal text, in preference to using CUSC Section 8.

4.3 The Workgroup member proposing the alternative option explained his views for not including self-governance. For Grid Code modifications, the Workgroup member noted that housekeeping changes are few and far between and therefore it seems disproportionate to introduce a whole new process, which requires the Authority to respond at various points, to address this. The Workgroup member also felt it was inappropriate for Ofgem to devolve its decision making responsibility to the GCRP for any modification to the Grid Code.

4.4 The Workgroup discussed the different elements of the proposed alternative option. In respect of mandating a Workgroup consultation, some Workgroup members supported this, as discussed previously and described in paragraph 3.32, as they felt that a Workgroup does not have the monopoly on wisdom in terms of the subject matter of the Workgroup. Other Workgroup members noted these views, but felt that the Workgroup Consultation did not have to be mandated as it could be agreed on a case by case basis, as appropriate, and may prove inefficient or add time to the overall Workgroup process unnecessarily.

4.5 The Workgroup agreed to consult the industry on the two proposed approaches, including the associated detailed drafting. It was noted that the Constitution and Rules could also be updated to include those elements of the original proposal, such as appointing an Independent Chair, that are not currently included in the proposed alternative option. The Proposer of the alternative option believes that there would be no requirement for changes to the Transmission Licence if it were implemented, given that the alternative option does not include a requirement to introduce a Self-Governance or Fast-Track Self-Governance process.

5 Impact and Assessment

Impact on the Grid Code

5.1 GC0086 requires amendments to the following parts of the Grid Code. The legal text proposed to implement GC0086 can be found in Annex 11 in Volume Two of this report, which can be found on our website:

http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/Grid-code/Modifications/GC0086/

- Create a new section of the Grid Code, "Governance Rules", which would contain all of the governance arrangements for the Grid Code;
- Delete existing paragraphs GC.4 & GC.16 of the General Conditions, which relate to the GCRP and Significant Code Reviews;
- Insert new definitions in the Glossary and Definitions section;
- Delete the Constitution and Rules of the Grid Code Review Panel document as this would become obsolete.

5.2 For completeness, the legal text that was consulted on to implement GC0086 and the alternative option (set out in paragraphs 4.1 to 4.5) is also included in Volume Two of this report, in Annexes 12 and 13.

Impact on National Electricity Transmission System (NETS)

5.3 The proposed changes will have no impact on the NETS.

Impact on Grid Code Users

5.4 The proposed modification will have a medium impact on Grid Code Users, who would be able to raise and own Grid Code Modification Proposals (as opposed to "Issues") and who would need to understand and follow the new governance processes.

Impact on Greenhouse Gas emissions

5.5 The proposed modification will have no direct effect on Greenhouse Gas emissions.

Assessment against Grid Code Objectives

5.6 The Grid Code objectives are set out below.

(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);

(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.

5.7 The Proposer(s) of GC0086 consider that it better facilitates objective (ii) 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 and does so in a way consistent with other industry codes;

(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.

5.8 The Workgroup had differing views as to how GC0086 and the alternative option would better facilitate the Grid Code objectives, as summarised below:

- The Workgroup considered that both GC0086 and the alternative option are neutral against objectives (i) and (iii).
- Workgroup Members expressed varying views against objective (ii): one considered that both GC0086 and the alternative option are neutral against this objective; while another felt that the alternative option also better facilitates this objective.
- One Workgroup Member considered that the alternative option better facilitates objective (iv) by allowing for a less prescriptive governance process and by not mandating two separate industry consultations.

5.9 National Grid's views against the Grid Code objectives are summarised below:

(i) GC0086 and the Alternative Option are neutral against this objective.

(ii) The basic principles of Open Governance set out in GC0086 and the Alternative Option conform to industry best practice and facilitate better engagement by GB stakeholders, for example by allowing them to own the content of their proposals and solutions, which should better facilitate competition. GC0086 also facilitates the development of more coordinated solutions, through the explicit inclusion of "alternative" modification proposals which may facilitate the development of better solutions which could positively impact competition.

(iii) GC0086 and the Alternative Option are neutral against objective (iii).

(iv) Although the existing governance arrangements comply with the obligations under the Transmission Licence, GC0086 will allow these obligations to be better met by allowing other parties to "own" their Grid Code modification proposals for the duration of the modification process, and by providing greater clarity to those parties around the Grid Code governance arrangements.

Impact on core industry documents

5.10 The proposed modification does not impact on any core industry documents.

Impact on other industry documents

5.11 The proposed modification requires amendment to the Constitution and Rules of the Grid Code Review Panel. There will also be changes required to the Grid Code Issue Proforma to make it a Modification Proposal form. A draft of the Modification Proposal form template can be found in the strawman paper for “Introducing Open Governance and Proposer Ownership” in Annex 3.

6 Proposed Implementation and Transition

Implementation

6.1 The changes proposed within GC0086 can be categorised in three ways:

- Changes that do not require a licence change or new or revised code administration process
- Changes that do not require a licence change, but do need a new or revised code administration process
- Changes that require a change to NGET's Transmission Licence in order to be implemented

6.2 NGET proposes that the changes that fall into each of the categories above are implemented in the following ways.

a) Any changes that do not require a licence change are implemented 10 business days after an Authority decision.

Process	Detail
Fixed Workgroup Timescale	Initial Workgroup timetable will be fixed at 6 months
Workgroup Consultation	Workgroup Consultation will be non-mandatory
Urgent process	More formalised urgent process that uses Ofgem's criteria
Grid Code Development Forum (GCDF)	Continue with the current forum that sits alongside GCRP
Grid Code Issues Groups	Groups to be set up and used as required
Panel Election process	The process set out in proposed Annex GR.A
Formalisation of "Workgroup Alternative Grid Code Modifications"	Workgroups can develop WAGCMs to be submitted to Authority alongside the original proposal
Open Governance and Proposer Ownership	Allowing parties other than NGET as the Licensee to raise Grid Code Modification Proposals
Self-Governance	Allow Grid Code Modifications to be implemented without Authority approval
Fast-Track Self-Governance	Allow Grid Code Modifications to be implemented without Authority approval

b) Any changes that do not require a licence change, but do require the Code Administrator to undertake a new or revised process should be implemented after a suitable period of time, taking into consideration sufficient time to complete the process, while seeking to achieve the benefits as early as possible. These are summarised below:

Process	Proposed implementation
Publication of a Modification Register	2 months after an Authority Decision, to allow time to agree the "form" of the document with the Authority.
Start of first term of office for GCRP under new structure	2 months after an Authority Decision or nearest Panel meeting
Panel Recommendation Vote	2 months after an Authority Decision or nearest Panel meeting, to coincide with the implementation of the new GCRP structure
Appointment of an Independent Panel Chair (subject to approval)	6 months after an Authority Decision

Transitional Arrangements

6.3 NGET proposes that existing Grid Code Issues or Modifications that are in the modification process at the date of implementation of GC0086 would be treated in one of two ways:

- Proposals for which a final Report to the Authority has been submitted to Ofgem would remain unchanged
- Proposals for which a Report to the Authority has not yet been submitted would be subject to the new governance arrangements

6.4 To provide an illustration of the scope of changes affected by the proposed transitional arrangements, the following Grid Code issues have not yet had a Report to the Authority submitted at 1 March 2016.

Issue or Modification	Stage in process
GC0036: Review of Harmonics Assessment Standards and Processes	Workgroup on hold
GC0048: Requirements for Generators*	Workgroup
GC0062: Fault Ride Through	Workgroup
GC0077: Suppression of Sub Synchronous Resonance from Series Compensators	Report to Authority due
GC0079: Frequency Changes during Large Disturbances and their impact on the Total System*	Workgroup
GC0087: Frequency Response Provisions	Workgroup
GC0090: HVDC	Workgroup
GC0091: DCC*	Workgroup
GC0094: RES	Workgroup on hold
GC0095: TSOG*	Workgroup
GC0096: Storage	Pre Workgroup
GC0097: TERRE	Pre Workgroup

* Subject to DCRP Panel agreement due to joint Workgroup.

7 Consultation Responses

Workgroup Consultation

7.1 The Workgroup Consultation closed in January 2015 and received 9 responses which are summarised in the table below. The full responses can be found in Annex 6 of this report.

	Element Power	Electricity NW	NGET	Northern Powergrid	RWE	SHE Transmission	SP Dist / SP Manweb	SP Energy Management	SSE
Views against Objectives	Support	Do not support	Support	Do not support	Do not support	Concern that technical input may be lost.	Neutral but will add costs.	Not answered (presume yes).	Support
Q1. Should Grid Code be subject to Open Governance?	Agree	Disagree	Agree	Disagree	Yes, but believe many aspects are already in operation.	No, case has not been made.	May be beneficial but defect is unclear.	Agree.	Agree. Should be implemented asap.
Q2. Workgroup timescales	4 months with option to extend	Do not object but should be set by GCRP.	6 months	Should be agreed by GCRP	6 months or longer.	Depends on issue, up to the GCRP.	Disagree with a standard deadline.	4 months with option of extension.	4 months with option of extension.
Q3. Authority directed proposals	Agree	No strong view.	Agree	Agree	Agree	Agree but extend to other mods.	Agree	Agree.	Agree
Q4. Who can raise a proposal	Anyone	Small players must be specifically represented.	All 4 groups	Parties who are bound by the Grid Code	All 4 groups	All 4 groups	All relevant stakeholders and small generators captured by ENC's.	All 4 groups	All 4 groups

	Element Power	Electricity NW	NGET	Northern Powergrid	RWE	SHE Transmission	SP Dist / SP Manweb	SP Energy Management	SSE
Q5. Establishment of a GCAF	Both GCAF and GCIG too cumbersome. One additional forum is adequate.	May be appropriate but concern re efficiency and resources	Agree	Do not feel a revised GCRP and new forum is necessary, but GCAF would be useful if GCRP is restructured.	Concern about bureaucracy. Current GCRP is beneficial. Retain GCRP but introduce a formal process on agenda.	Yes, if Open Governance goes ahead.	May be appropriate but seems slightly bureaucratic.	Agree	Agree
Q6. GCRP Voting membership	Somewhat irrelevant as work will be done in Workgroups.	No strong view but confused why TOs are represented.	Agree	Agree	Agree apart from interconnector as their interests will be covered under the ENCs.	Concern re technical aspects and understanding of system not being represented.	No strong views. Two TO reps seems excessive. More appropriate for SO to have another rep.	Concern around ONTO being NGET and therefore excessive influence.	Agree (figure 4)
Q7. Election Process	Needs to be better defined.	Expect interests of small parties to be represented through TA's.	Agree	Agree	Agree.	Agree	Need to consider smaller parties, use TA's.	Agree.	Agree.

	Element Power	Electricity NW	NGET	Northern Powergrid	RWE	SHE Transmission	SP Dist / SP Manweb	SP Energy Management	SSE
Q8. Independent Chair and casting vote	Yes, and should have a casting vote.	No.	Yes, although no clear defect. No to casting vote.	No strong views, no concerns with current arrangement.	Not convinced of benefit. Rules should not permit a casting vote situation to arise.	No, should be NG Chair. Independent Chair should have casting vote.	No. Cost increase due to GCAF requiring a Chair.	Yes to independent Chair. Prefer casting vote approach adopted by UNC	Yes. Casting vote should be for status quo as case for change has not been made.
Q9. Impln of Self-Governance / Fast-track	No view	Yes, implement asap.	Introduce at same time as open governance	Agree, asap.	Implement in one go.	Should be implemented at same time but do not see need for fast track.	Should be introduced in one go.	No need for phased approach.	Implement in one go.
Q10. Costs	Lower overall costs.	Will lead to complexity and bureaucracy.	Additional cost for ind. chair.	Risk of higher overall costs.	Disagree. Process will be less efficient.	Difficult to predict.	Costs will be increased due to independent chair and additional forums.	There will be process efficiencies. Overall it will be neutral.	Costs will be broadly neutral.
Q11. NGET SO view in report	Agree	Yes, if necessary.	Agree	Agree	Agree	Agree	Agree.	Agree.	Agree.

	Element Power	Electricity NW	NGET	Northern Powergrid	RWE	SHE Transmission	SP Dist / SP Manweb	SP Energy Management	SSE
Q12. Do you agree with approach to Legal text?	No view	Transplant of CUSC is inappropriate - needs to be new rules and in plain English.	CUSC provides a good template but not suitable for direct transposition.	Should be as clear and simple as possible.	Agree but could include new arrangements in the General Conditions.	Needs reviewing	Use CUSC as reference point but start with clean sheet.	Should be standalone governance section in Grid Code and CUSC text used where possible for commonality.	Based on the CUSC. Should be in a standalone section. Constitution and rules should be deleted.
Q13. Do you agree with implementation approach?	Current mods should transition to new process.	Disagree.	Agree and include for new mods.	Apply new process to new mods.	Agree and include for new mods.	Further work required to confirm constitution of revised GCRP and other forums.	Leave existing mods out of new processes.	Agree that existing mods should be adopted into new process.	Agree that existing mods should be adopted into new process.
Other comments	Figure 3 does not show generators with novel units.	Change is not necessary, no material defect.	Role and attendance of Alternates needs to be clarified.			Concern re fundamental technical requirements of Grid Code.			

Industry Consultation

7.2 The Industry Consultation closed in November 2015 and received 17 responses. Given the volume of responses and the number of questions asked (19), we have only summarised support (or lack of) for each question here; the full responses are provided in Annex 10 in Volume 2 of this report.

Q1: Do you agree that Open Governance should be introduced to the Grid Code?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
Yes	Yes	Yes	N/A	Not clear	Yes	Not clear	Yes	Yes	Yes	No	Not clear	No	No	Not clear	Yes	Yes

Q2a: Do you believe that Workgroups should have a fixed timescale to complete their work? If so, should it be four or six months?

Q2b: Alternatively, do you believe that the GCRP should be able to set a Workgroup's timetable? In either case, do you believe that Ofgem should have the power of veto over a request for a timetable extension?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
No	Yes. 4 months.	Yes. 4 months.	N/A	No	Yes. 4 months.	No	Yes. 4 months.	No	No	No	No	No	No	No	Yes. 4 months.	Yes. 4 months.
Yes	Ofgem should have veto.	Yes	N/A	Yes. No Ofgem veto.	Ofgem should have veto.	Yes. No Ofgem veto.	CA could propose longer timetable to start with. Ofgem should have veto.	Case by case basis. 4-6 month target "useful". Workgroup extension should be allowed.	Yes. 6-12 months. Ofgem should have veto.	Yes. No Ofgem veto.	Yes. No Ofgem veto.	Yes. No set timescale. Ofgem should have veto. Grievance route.	Yes. No Ofgem veto.	Yes. No Ofgem veto.	Ofgem should have veto.	Yes.

Q3: Do you believe that a Proposer should have the right to object to their proposal being amalgamated with another proposal? What other views do you have on amalgamation?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
No. Decision should rest with the GCRP	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes, but decision rests with GCRP.	Yes	Yes	Yes, but option should remain.	Yes

Q4a: Should it be mandatory for a Workgroup to run a consultation before it submits its report to the GCRP?

Q4b: Alternatively, should either the GCRP or each Workgroup decide on a case by case basis whether to run a Workgroup consultation?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
Yes	No	No	N/A	No	Yes	No	Yes	N/A	No	No	No	No	No	No	Yes	No
No	GCRP should decide	Workgroup should decide	N/A	N/A	N/A	N/A	N/A	N/A	N/A	GCRP should decide	N/A	Case by case basis.	N/A	N/A	No	GCRP or Workgroup should decide

Q5: Do you support the proposed approach to setting up a Grid Code Advisory Forum?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
Yes	Yes	Yes	N/A	No	Yes	No	Yes	Yes	Yes	No	No	Yes	Yes	No	Yes	Yes

Q6: Do you agree that GCRP members should be impartial and independent of their employing company/ organisation when undertaking Panel business?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Q7: Do you agree with the approach to the GCRP Election Process set out?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Q8: Please indicate whether you or someone from your organisation would be likely to attend the GCAF or wish to be elected to the GCRP.

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
GCAF	GCAF GCRP	GCAF	GCAF	N/A	EnergyUK members likely to attend both	GCAF GCRP	GCAF GCRP	GCAF possibly	GCAF GCRP	GCAF GCRP	N/A	GCAF	GCRP	GCAF GCRP	GCAF GCRP	GCAF

Q9: Do you agree that an Independent Chair should be introduced for the GCRP?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
Yes	Yes	Yes	N/A	No	Yes	No	Yes, but not essential straight away.	Yes	No	No	No	No	No	No	Yes	Yes

Q10: Should the Authority be able to direct the GCRP to use the Self-Governance route where the GCRP itself does not want to apply Self Governance?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
No	No	No	N/A	No	No	No	Yes	Yes	No	No	No	Yes, in exceptional cases only.	No	No	Yes	No

Q11: Do you agree that both Self-Governance and Fast-Track Self-Governance should be introduced into the Grid Code?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
Yes	Yes	Yes	N/A	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes

Q12: Do you agree that the Urgency process should be adopted into the Grid Code?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes

Q13: Do you agree that Grid Code changes in process that have not been submitted to the Authority, at the time GC0086 is implemented, should adapt to the new GC0086 arrangements?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
No. Workgroup report should be cut-off point.	Yes	Yes	Yes	No	Yes	No	Yes	Yes	Yes	No	No	Yes, but on a case by case basis.	Yes	No	Yes	Yes

Q14: Which, if any, of the two approaches: (i) the original proposal or (ii) the alternative option, do you support?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
Original	Original	Original	N/A	Alternative	Original	Alternative	Original	Original	Alternative	Alternative	Alternative	Neither	Alternative	Alternative	Original	Original

Q15: If you support the alternative option, are there any of the elements (a to c) in paragraph 5.1 that you would like to be included in the alternative?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
Support original, but alternative better than baseline.	N/A	Support original, but alternative better than baseline. Include all three elements.	N/A	No	N/A	No	N/A	N/A	Include self-governance and fast-track self-governance	No, but would be comfortable with self-governance.	No	Alternative better than original, but not better than baseline.	Include self-governance and fast-track self-governance	No	N/A	N/A

Q16: Do you believe that GC0086 better facilitates the Applicable Grid Code Objectives? *See full responses for views.*

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
Yes	Yes	Yes	N/A	Original: No; Alternative: Yes	Yes	Original: No; Alternative: Yes	Yes	Yes	Yes	Original: No; Alternative: Yes	Original: No; Alternative: Yes	No	No	Original: No; Alternative: Yes	Yes	Yes

Q17: Do you support the proposed implementation approach of 10 business days following an Authority decision?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
Yes	Yes	Yes	N/A	Yes, but exclude mods in progress	Yes	Yes	Yes, but consider a two stage approach	Yes	Yes	Yes, but exclude mods in progress	Yes, but exclude mods in progress	Yes	Yes	Yes, but exclude mods in progress	Yes	Yes

Q18: Do you support the proposed implementation approach to the GCRP Election Process?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Q19: Do you have any other comments?

Drax Power	EDF	Eggborough Power	Elexon	ENA	EnergyUK	ENWL	E.ON	ESB	NGET	NPG	P2 Analysis	RWE	SHET	SP	SSE	Waters Wye
Align GC0086 to CUSC & BSC as closely as possible.	No	Surprised GC0086 has taken this long to progress.	See issue raised in para 7.3 below.	No	No	No	NGET could consider menu option to implement GC0086 allow Authority to choose and to minimise risk of Send Back.	No	Flagged additional costs for NGET's SO business	No	No	GCRP is fundamentally different from other codes. Retain existing GCRP but introduce aspects of open governance on more formal basis.	Yes. SHET provided two pages of comments – please see their full response.	No	The original addresses all 11 deficiencies identified in the Panel Paper.	Gave example of Two Shift Limit as good reason to implement Open Governance.

National Grid response to Industry Consultation responses

7.3 In their response to the Industry Consultation, ELEXON raised an issue regarding representation of the BSC Panel Member on the revised GCRP structure and how this was reflected in the proposed the legal text. ELEXON's views are as follows:

The GC0086 legal text proposes that the BSC Panel would need to appoint one of its own members to be a GCRP Member. In particular, proposed GR.4.2(d) says 'the BSC Panel shall appoint a Panel Member as defined in the Balancing and Settlement Code to be the member of the Grid Code Review Panel…'. We note that the Grid Code currently refers to 'a person representing the BSC Panel' rather than an actual BSC Panel Member. In this regard the BSC Panel has traditionally approved an ELEXON member of staff to represent it at the Grid Code Review Panel. We believe this approach provides the BSC Panel with greater flexibility to choose its representative.

7.4 National Grid agrees with ELEXON's proposed approach and does not believe it was the Workgroup's intention to require the BSC Panel's representative on the GCRP to be an actual BSC Panel Member, rather than a representative of the Panel, which could include an ELEXON employee. NGET has revised the proposed legal text to implement GC0086 to reflect this position, which can be found in Annex 11 in Volume Two of this report.

7.5 Following submission of the draft Report to the Authority to the GCRP in January 2016, RWE requested that their views in response to the Workgroup Consultation be clarified to make it clear that RWE does not support implementation of GC0086. The table in paragraph 7.1 above has been updated to reflect this view.

8 Summary of Views

8.1 The views of the different parties involved in the development and evaluation of GC0086 are summarised below.

Workgroup Consultation

8.2 Respondents to the Workgroup consultation were split in their views on GC0086, with a small majority supporting the principles of open governance and implementation of GC0086. The consultation was carried out before the Alternative Option was developed. The responses are summarised in Section 8 and provided in full in Annex 9 which can be found in Volume 2 of this report.

Workgroup View

8.3 A majority of Workgroup members supported implementation of GC0086 original and did not support implementation of the Alternative Option. A minority of Workgroup members supported implementation of the Alternative Option and did not support implementation of the original proposal. These views are discussed in more detail in Section 4 of this report and summarised in paragraph 3.120. A summary of Workgroup support for the main elements of the GC0086 proposal is provided below:

Element of proposal	Workgroup Support
Introduction of Open Governance and Proposer Ownership	Majority support
Who can raise a modification	Unanimous support
Workgroup Timescales	Mixed views on what to implement
GCRP Membership	Unanimous support
Introduction of a Panel Recommendation Vote	Unanimous support
Election Process	Unanimous support
Introduction of Independent Chair	Majority support
Independent Chair casting vote	Unanimous support for process proposed (but not for having an Independent Chair)
Introduction of Self-Governance	Majority support
Introduction of Fast Track process	Majority support
Introduction of Urgent process	Unanimous support
Introduction of Grid Code Advisory Forum / Issues Group	Unanimous support
Implementation	Majority support
SO view included in executive summary in Reports to the Authority	Unanimous support

Industry Consultation

8.4 Respondents to the Industry Consultation were split in their overall support for the original and alternative options for GC0086, with two respondents stating that neither option should be implemented, as shown in the table below.

Proposal	Number of respondents
GC0086 original	8
Alternative Option	6
Neither	2

8.5 The Industry Consultation asked for views on many of the elements that make up the original and alternative options. The views are summarised in the table below.

Element	For	Against	Majority View
Introduce Open Governance	**9**	3*	Implement*
Fixed Workgroup timescale	6	**10**	Do not implement
Mandate a Workgroup consultation	4	**11**	Do not implement
Allow Proposer to object to amalgamation of their proposal	**15**	1	Implement
Establish Grid Code Advisory Forum	**11**	5	Implement
Require GCRP members to be impartial	**16**	0	Implement
GCRP Election process	**16**	0	Implement
Independent GCRP Chair	8	8	No majority
Introduce Self-Governance and Fast-Track Self-Governance	**12**	4	Implement
Allow Authority to direct use of Self-Governance against GCRP's wish	4	**12**	Do not implement
Introduce Urgent process	**14**	2	Implement

* In addition to the 3 respondents who did not support the implementation of open governance, 4 respondents stated that they did not see a clear case for change.

National Grid's Recommendation

8.6 National Grid has taken into account all of the views expressed by Workgroup members and consultation respondents. National Grid supports the principles of open governance and believes it would bring benefits of additional transparency and clarity of code administration arrangements and timescales to the Grid Code, that may help to address some of the issues that were identified during the Workgroup process (see Annex 4: Historical Contentious Modifications).

8.7 Both the GC0086 original and Alternative Option seek to introduce open governance to the Grid Code and National Grid therefore considers that both proposals have benefits when compared to the baseline Grid Code. However, National Grid feels the original GC0086 proposal best facilitates the Grid Code objectives as summarised in Section 6 of this report.

8.8 For clarity, National Grid has provided its views against the elements of both proposals, summarised in the table below:

Element of proposal	National Grid View	National Grid Recommendation
Introduction of Open Governance and Proposer Ownership	National Grid supports the principles of open governance and proposer ownership as providing various benefits, including greater certainty to industry parties.	Implement
Who can raise a modification	National Grid agrees with the parties identified in paragraph 3.22 of this report.	Implement
Workgroup Timescales	National Grid is concerned that a codified, fixed timescale of four months is too restrictive. We prefer to allow the GCRP to set a Workgroup timetable on a case by case basis, but with an initial target timescale of six months for completion. Extensions could be sought as required, including at the start of the process, but would require a justification. Ofgem could veto an extension, but again would have to provide justification for doing so. In effect, this is the approach proposed by GC0086 originally, but with a sixth month timescale instead of four months. National Grid is satisfied that sufficient flexibility exists in the proposed arrangements for GC0086 to allow the GCRP to set an appropriate timetable for a Workgroup at the start of the process.	Implement a "fixed" six month workgroup timetable, which can be extended up front or during the process by the GCRP, with a right of veto from Ofgem. *Change from GC0086 original reflected in revised proposed legal text.*
Mandatory Workgroup Consultation	National Grid agrees with the majority of respondents to the industry consultation who did not support mandating a Workgroup Consultation. National Grid's concerns were that running a mandatory consultation would not always be proportionate or efficient.	Do not implement a mandatory Workgroup Consultation. Allow the Workgroup to choose on a case by case basis *Change from GC0086 original reflected in*

Element of proposal	National Grid View	National Grid Recommendation
		revised proposed legal text. .
GCRP Membership	National Grid supports the model proposed by the Workgroup, including the requirement for Panel Members to act impartially. We note the discussions on Panel Member impartiality in Ofgem's CGR3 Initial Proposals document and consider the GC0086 proposals to be consistent with this approach.	Implement model set out in paragraph 3.52 of this report.
Introduction of a Panel Recommendation Vote	National Grid support the introduction of a Panel Recommendation Vote	Implement
Election Process	National Grid considers the Election Process developed by the Workgroup and the Code Administrator to be more transparent than the current arrangements.	Implement proposed Election Process
Introduction of Independent Chair	National Grid understands the principle of introducing an Independent Chair in terms of the perceived benefits of transparency and impartiality, while noting that no specific defect has been identified with having the existing National Grid Chairmanship. Our reservations are twofold: • Ability to find a suitable candidate for the role, given the requirement for the appointee to be suitably "independent" and willing to take on a relatively limited role (6 meetings per annum) • Recovering the costs of the additional remuneration for this role. National Grid also notes that respondents to the	Implement an Independent Chair, without mandating it within the Transmission Licence. National Grid will start the search for a suitable candidate in advance of the potential implementation of GC0086.

Element of proposal	National Grid View	National Grid Recommendation
	Industry Consultation were split in their support for introducing an Independent Panel Chair, with equal numbers both for and against the proposal. National Grid notes the suggestion made by E.ON in their response to the consultation: "We do not however think this is essential to the proposal and could be considered separately at a later date once the GCRP has more experience of working to the Open Governance arrangements. We also have concerns that this may impose additional cost on the functioning of the Panel that is currently funded through and discharged adequately by National Grid." National Grid sought views from the GCRP at its January 2016 meeting and concluded that delaying implementation of an Independent Chair was not justifiable.	
Independent Chair casting vote	If an Independent Chair is implemented for the Grid Code, National Grid supports the Workgroup view that the Chair should not have a casting vote for Panel Recommendations and should uphold the principle that the case for change has not been made if the Panel is deadlocked.	Legal text has been revised to reflect the Workgroup's agreed position on the Chair's lack of casting vote: "the Workgroup concluded that it may not be suitable for the Chair to be asked to make a decision on a matter that the Panel is equally divided on, so therefore it was agreed that in the event of a deadlock vote by the Panel, the default position would be to remain with the status quo and the Chair would not have a casting vote."

Element of proposal	National Grid View	National Grid Recommendation
Introduction of Self-Governance	National Grid supports the principle of Self-Governance, but agrees with the Workgroup that Ofgem should not have the ability to direct the use of the Self-Governance route, where the GCRP has indicated a desire that the Authority should make a decision on a proposal, and where the GCRP has given a clear reason for its preference. Following publication of Ofgem's CGR3 Initial Proposals consultation in October 2015, National Grid identified several areas of potential conflict between the proposals in GC0086 and in CGR3. One such area is amending the Self-Governance process from the "standard" process already in place in other codes. In order to minimise the possibility of rejection or Send Back of GC0086, National Grid reviewed the proposal to remove Ofgem's ability to direct use of the Self-Governance route with Ofgem and the GCRP. The review looked at the reasons given by consultation respondents as to why a different approach should be adopted for the Grid Code, as compared to other industry codes. National Grid concluded that there were no clear reasons given in support of this approach by industry consultation respondents and asked GCRP if it could provide any other rationale why the Grid Code should be treated differently. Following the discussion, which identified the proposed appeal route for parties who were unhappy with use of the self-governance route, National Grid concluded to remove	Implement Self-Governance process.

Element of proposal	National Grid View	National Grid Recommendation
	this element of the proposal from GC0086 in order to provide consistency with other codes and minimise the possibility of rejection or Send Back of GC0086 due to one element of the Modification.	
Introduction of Fast Track process	National Grid supports the principle of Fast-Track Self-Governance for non-material changes.	Implement Fast-Track Self-Governance process
Introduction of Urgent process	National Grid supports the introduction of a more formalised Urgent process for the Grid Code, as proposed by the GC0086 original proposal.	Implement Urgent process
Introduction of Grid Code Advisory Forum / Issues Group	National Grid supports the principles of a GCAF to help proposers develop their modifications and seek expertise. National Grid has already established a Grid Code Development Forum which could evolve into a Grid Code Advisory Forum if GC0086 were implemented.	Implement GCAF
Implementation	National Grid supports the principle of implementing the changes in one package, however due to the framework and process changes required, we have categorised the implementation into three tranches.	Implement the proposals as set out in Section 7 of this report.
SO view included in executive summary in Reports to the Authority	Unanimous support	
Legal Text	Although National Grid appreciates the flexibility offered	Implement the legal text contained in Volume 2

Element of proposal	National Grid View	National Grid Recommendation
	by the existing approach to the governance rules set out in the Constitution and Rules of the GCRP document, we consider that a consistent approach across the various GB codes would be beneficial and that therefore implementation within the body of the Grid Code would be more appropriate.	of this report, which is based on Section 8 of the CUSC. The text proposed by National Grid has been updated from the version published in the Industry Consultation document, in line with the changes identified in this table.

Grid Code Review Panel

GRID CODE OPEN GOVERNANCE

Date Raised: 02 July 2014

GCRP Ref: pp14/40 [1]

A Panel Paper by Michelle Dixon, Michael Dodd, Garth Graham, Guy Phillips, Barbara Vest and Lisa Waters

Eggborough Power Ltd, EnergyUK, E.ON, ESBI, SSE and Waters Wye Associates

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 Guidance[4] which states that "SCR-related code changes could be needed for any industry code .....to 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/guidanceintiating-and-conducting-scrsfinal-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 .

Annex 2 – Workgroup Terms of Reference

GC0086 Grid Code Open Governance

TERMS OF REFERENCE

Governance

1 The GC0086 Workgroup was established by Grid Code Review Panel (GCRP) at the July 2014 GCRP meeting.

2 The Workgroup shall formally report to the GCRP.

3 These Terms of Reference will be discussed and agreed at the first Workgroup meeting and will then be approved by the GCRP. By agreement, they may be subject to further amendment.

Membership

4 The Workgroup shall comprise a suitable and appropriate cross-section of experience and expertise from across the industry, which shall include:

Name	Role	Representing
Alex Thomason	Chair	Code Administrator
Emma Radley	Technical Secretary	Code Administrator
Rob Wilson	National Grid Representative	National Grid
Garth Graham	Industry Representative	SSE
Guy Philips	Industry Representative	E.ON
Mike Kay	Industry Representative	ENW
Richard Lowe	Industry Representative	SHET
Peter Bolitho	Industry Representative	Waters Wye
David Spillett	Industry Representative	ENA
Abid Sheikh	Authority Representative	Ofgem

Meeting Administration

5 The frequency of Workgroup meetings shall be defined as necessary by the Workgroup chair to meet the scope and objectives of the work being undertaken at that time. It is likely that meetings will be required on a fortnightly basis from until Christmas 2014. All meetings will be provisionally planned ahead to optimise attendance.

6 National Grid will provide technical secretary resource to the Workgroup and handle administrative arrangements such as venue, agenda and minutes.

7 The Workgroup will have a dedicated section on the National Grid website to enable information such as minutes, papers and presentations to be available to a wider audience.

Scope

8 The Workgroup shall consider and report on the following:

- Agree / define the meaning of “Open Governance” with respect to the GCRP
- What the perceived defect associated with the present governance arrangement is and how the benefits of Open Governance would address these defects.
- The impact and effect of the Code Governance Review (CGR) Phase 2 in relation to the Grid Code.
- Whether the introduction of aspects of the CGR such as the introduction of a Code Administrator has or will address some of the identified defects.
- Options for implementing individual components as well as the overall package of Open Governance Modifications including:
    - Introduction of a Self-Governance process
    - Introduction of a Fast Track process
    - Introduction of an Urgent Process for Modifications
    - The role of an Independent Chairman on the GCRP
- The cost and funding for implementing any new arrangements
- Potential Licence changes
- Who can raise Grid Code Modifications (including the concept of Proposer Ownership and Workgroup Modification Alternatives)
- Reform of GCRP Membership as a result of Open Governance, taking into account the feedback from Panel Members expressed as part of GC0074 (Grid Code Membership).
- The need for and creation of an informal forum to discuss Grid Code issues in addition to the formal – including the practicalities and associated cost.
- GCRP Election Process
- GCRP Voting rights
- National Electricity Transmission System Operator (NETSO) view’ or ‘Transmission Licensee’ view in Modification Reports
- Appeal Rights for Authority Decisions
- Review and develop legal text
- Potential Impact on the STC
- Alternative solutions and implementation

Deliverables

9 The Workgroup will provide updates and a Workgroup Report to the Grid Code Review Panel which will:

- Detail the findings of the Workgroup;
- Draft, prioritise and recommend any recommended changes to the Grid Code and associated documents in order to implement the findings of the Workgroup; and
- Highlight any consequential changes which are or may be required.

Timescales

10 It is anticipated that this Workgroup will provide an update to each GCRP meeting and present a Workgroup Report to the January 2015 GCRP meeting, or any alternative date agreed by the GCRP if required.

11 If for any reason the Workgroup is in existence for more than one year, there is a responsibility for the Workgroup to produce a yearly update report, including but not limited to; current progress, reasons for any delays, next steps and likely conclusion dates.

Annex 3 - Strawman Proposals

This Annex contains the original strawman proposals which were drafted by the Code Administrator to assist the GC0086 Workgroup in its initial discussions. The information contained in this Annex 3 does not reflect the Workgroup's final conclusions, which are summarised in Section 1 of this document.

Strawman 1: GC0086 – Introducing Open Governance and Proposer Ownership and the concept of Workgroup Alternative Modifications

Summary

In order to raise a modification, it must be defined who can raise it and what process they follow. For the other codes that have open governance, this is clearly defined and set out. There must also be a commitment from the Proposer to attend the relevant Code Panel and Workgroup meetings if applicable. The Proposer will then have ownership of the modification. Proposer Ownership is a Principle contained in the Code Administration Code of Practice (CACoP) and allows the Proposer of a Modification to retain ownership of their proposal throughout the process, with or without the support of the Workgroup and to change the solution to the proposal prior to the Workgroup vote, if they so wish. This is to prevent the Proposer from effectively losing control of the proposal and the Workgroup taking ownership and potentially taking the proposal in a direction never intended by the Proposer.

An Alternative Modification can be raised during the Workgroup phase and can propose a different solution to the defect raised in the original proposal. It must be believed by the majority of Members of the Workgroup or by the Chairman of the Workgroup to better facilitate the Applicable Grid Code Objectives than the original proposal or the status quo.

Who can raise a Modification?

As per the GC0086 Issue Paper, it is suggested that licensed parties affected by the Code can raise changes. This includes persons authorised to supply or generate electricity, and groups representing Consumers (i.e Citizens Advice). The TEC Register and Embedded MW Register could be used to identify such parties. To be consistent with recent changes to the CUSC, BSC and STC in this respect, it is also suggested that the Authority may raise itself, or direct NGET to raise a Modification where it reasonably considers that such proposal is necessary to comply with or implement the Electricity Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency.

How is a Modification raised?

The CUSC very clearly sets out the rules and procedures for raising a Modification Proposal. The Grid Code could adopt this approach.

A Modification Proposal would be submitted in writing to the Panel Secretary. (See Appendix 1 below). For this to be considered at the next GCRP, it must be received ahead of papers day (2 weeks prior to the meeting). It should contain the following information:

1. Name of the Proposer

2. The name of the representative of the Proposer (and his alternate) who shall represent the Proposer in person at relevant meetings.
3. A description of the issue or defect which the modification seeks to address.
4. A description of the proposed modification and of its nature and purpose.
5. Where possible, an indication of those parts of the Grid Code which may require amendment and an indication of the nature of those amendments.
6. The reasons why the Proposer believes that the modification better facilitates the Applicable Grid Code Objectives as compared with the current version of the Grid Code.
7. The reasoned opinion of the Proposer as to why the modification should not fall within a current SCR, whether it should follow the Self-Governance route or the standard route.
8. The reasoned opinion of the Proposer as to whether that impact is likely to be material, and if so an assessment of the quantifiable impact of greenhouse gas emissions.
9. Where possible, an indication of the modification on core industry documents.
10. Where possible, an impact of the modification on relevant computer systems and processes.

With regard to a Fast-Track proposal, the above items are not required.

Upon receiving a proposal form, the Panel Secretary must then check that all applicable fields have been populated. If not, the Panel Secretary may reject the proposal. Otherwise, it will be given a reference number and will be circulated on papers day for the next GCRP meeting, where the Panel will consider the proposal. It is expected that the Proposer (or representative) shall attend the GCRP to present their proposal and answer questions from Panel Members. The Panel must evaluate the proposal against the Self-Governance criteria.

The Panel must agree whether a Workgroup is required to develop the proposal, or whether it can progress straight to consultation. They must also consider whether it is appropriate to amalgamate the proposal with any other proposal that currently exists.

The Code Administrator will establish a timetable for consideration by the Workgroup to be approved by the Panel. Unless justification is provided and accepted by the Panel, this will be no longer than *4 months.*

Proposer Ownership Process

The Proposer has the ability to change their proposal by giving notice to the Chair of the Workgroup up to the point of the Workgroup vote (prior to the Industry Consultation). Where the Proposer makes changes, it may be necessary for the Workgroup to carry out further work and analysis. Where no Workgroup is establish, the right of the Proposer to change their proposal lapses prior to the Consultation being published. See Appendix 2 below.

Workgroup Vote

A vote takes place between all eligible Workgroup Members on the proposal and each Alternative (if applicable). The Chair, Technical Secretary, and Ofgem Representative and any observers are not allowed to vote. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place.
If an unlimited amount of Alternatives are allowed to be raised, the vote is as follows:

- *Vote 1: whether each proposal better facilitates the Applicable Objectives;*
- *Vote 2: where one or more Alternatives exist, whether each WACM better facilitates the Applicable Objectives than the original Modification Proposal;*
- *Vote 3: which option is considered to BEST facilitate achievement of the Applicable Objectives. For the avoidance of doubt, this vote should include the existing baseline as an option.*

If not Alternatives exist, only Vote 1 and Vote 3 apply. (Vote 3 will be a preference between the original proposal and the baseline). Workgroup Members or their appointed alternate must have attended at least 50% of meetings to be eligible to vote.

Workgroup Members must be able to provide sufficient justification for their vote against each Objective. A simple 'yes' or 'no' is not sufficient. A Workgroup Member may vote that they are 'neutral' against one or more of the Objectives. This could be because the Objective is not relevant to the proposal, or that Workgroup Member feels that the proposal is not better or worse than what it is being compared to.

Process for other Codes:
BSC: A maximum of 1 Alternative is allowed.
CUSC: There is no limit to the amount of Alternatives allowed, however Members are asked to be mindful of the numbers raised in terms of efficiency.
STC: Same as CUSC

Workgroup Consultation Alternative Request

In other codes, a route exists for other parties to request that an Alternative be considered by the Workgroup. This is raised as part of the response to the Workgroup Consultation and needs to contain sufficient detail to enable consideration of the request including how it better facilitates the Applicable Objectives. The Workgroup then consider this request and if the majority of the Workgroup or the Chairman believes that it better facilitates the Applicable Objectives than the current version of the code, then it may be developed as a formal Alternative.

Grid Code Modification Proposal Form GCXXXX

nationalgrid

Title of the Grid Code Modification Proposal
This is a mandatory section. The title should clearly identify the issue being raised and be unique to the modification.
Submission Date
This is a mandatory section. Enter the date the proposal is sent to the Panel Secretary.
Description of the Issue or Defect that the Grid Code Modification Proposal seeks to address
This is a mandatory section. You should clearly describe the issue or defect that you believe exists and include any direct and indirect consequences of implementing or not implementing the Proposal.
Description of the Grid Code Modification Proposal
This is a mandatory section. You should clearly describe what the modification aims to achieve & how it will address the issue(s) / defect(s) identified above and the background surrounding the modification.
Impact on the Grid Code
This is an optional section. Please indicate the sections and clauses of the Grid Code which would be affected by the modification or the general area in the Grid Code if specific impacts are not yet known.
Do you believe the Grid Code Modification Proposal will have a material impact on Greenhouse Gas Emissions? Yes / No
Include your view as to whether this Proposal has a quantifiable impact on greenhouse gas emissions. If yes, please state what you believe that the impact will be. *You can find guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions on the Ofgem's website:* *http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=196&refer=Licensing/IndCodes/Governance*
Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information
BSC ☐ **CUSC** ☐

STC ☐

DCUSA ☐

Other ☐

(please specify)

This is an optional section. You should select any Codes or state Industry Documents which may be affected by this Proposal and, where possible, how they will be affected.

Urgency Recommended: Yes / No

This is an optional section. You should state whether you believe this Proposal should be treated as Urgent.

Justification for Urgency Recommendation

If you have answered yes above, please describe why this Modification should be treated as Urgent.

An Urgent Modification Proposal should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

a) *A significant commercial impact on parties, consumers or other stakeholder(s); or*
b) *A significant impact on the safety and security of the electricity and/or has systems; or*
c) *A party to be in breach of any relevant legal requirements.*

You can find the full urgency criteria on the Ofgem's website:
http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=213&refer=Licensing/IndCodes/Governance

Self-Governance Recommended: Yes / No

This is an optional section. You should state whether you believe this Proposal should be treated as Self-Governance.

Justification for Self-Governance Recommendation

If you have answered yes above, please describe why this Modification should be treated as Self-Governance.

A Modification Proposal may be considered Self-governance where it is unlikely to have a material effect on:

- *Existing or future electricity customers;*
- *Competition in generation or supply;*
- *The operation of the transmission system;*
- *Security of Supply;*
- *Governance of the CUSC*
- *And it is unlikely to discriminate against different classes of CUSC Parties.*

Should this Grid Code Modification Proposal be considered exempt from any ongoing Significant Code Reviews?

Please justify whether this modification should be exempt from any Significant Code Review (SCR) undertaken by Ofgem. You can find guidance on the launch and conduct of SCRs on Ofgem's website, along with details of any current SCRs at: http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=197&refer=Licensing/IndCodes/Governance.
For further information on whether this Proposal may interact with any ongoing SCRs, please contact the Panel Secretary.

Impact on Computer Systems and Processes used by CUSC Parties:

This is an optional section. Include a list of any relevant Computer Systems and Computer Processes which may be affected by this Proposal, and where possible, how they will be affected.

Details of any Related Modification to Other Industry Codes

This is an optional section. You should list any other simultaneous modifications being proposed to other Industry Documents and Codes that you are either aware of or have raised.

Justification for Grid Code Modification Proposal with Reference to Applicable Grid Code Objectives:

This section is mandatory. You should detail why this Proposal better facilitates the Applicable Grid Code Objectives compared to the current baseline. Please note that one or more Objective must be justified.

Please tick the relevant boxes and provide justification:

☐ (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,

☐ (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 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.

Additional details

Details of Proposer: (Organisation Name)	
Capacity in which the Grid Code Modification Proposal is being proposed:	

Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	
Attachments (Yes/No): **If Yes, Title and No. of pages of each Attachment:**	

Contact Us

If you have any questions or need any advice on how to fill in this form please contact the Panel Secretary:

E-mail grid.code@nationalgrid.com

Phone: 01926 655233

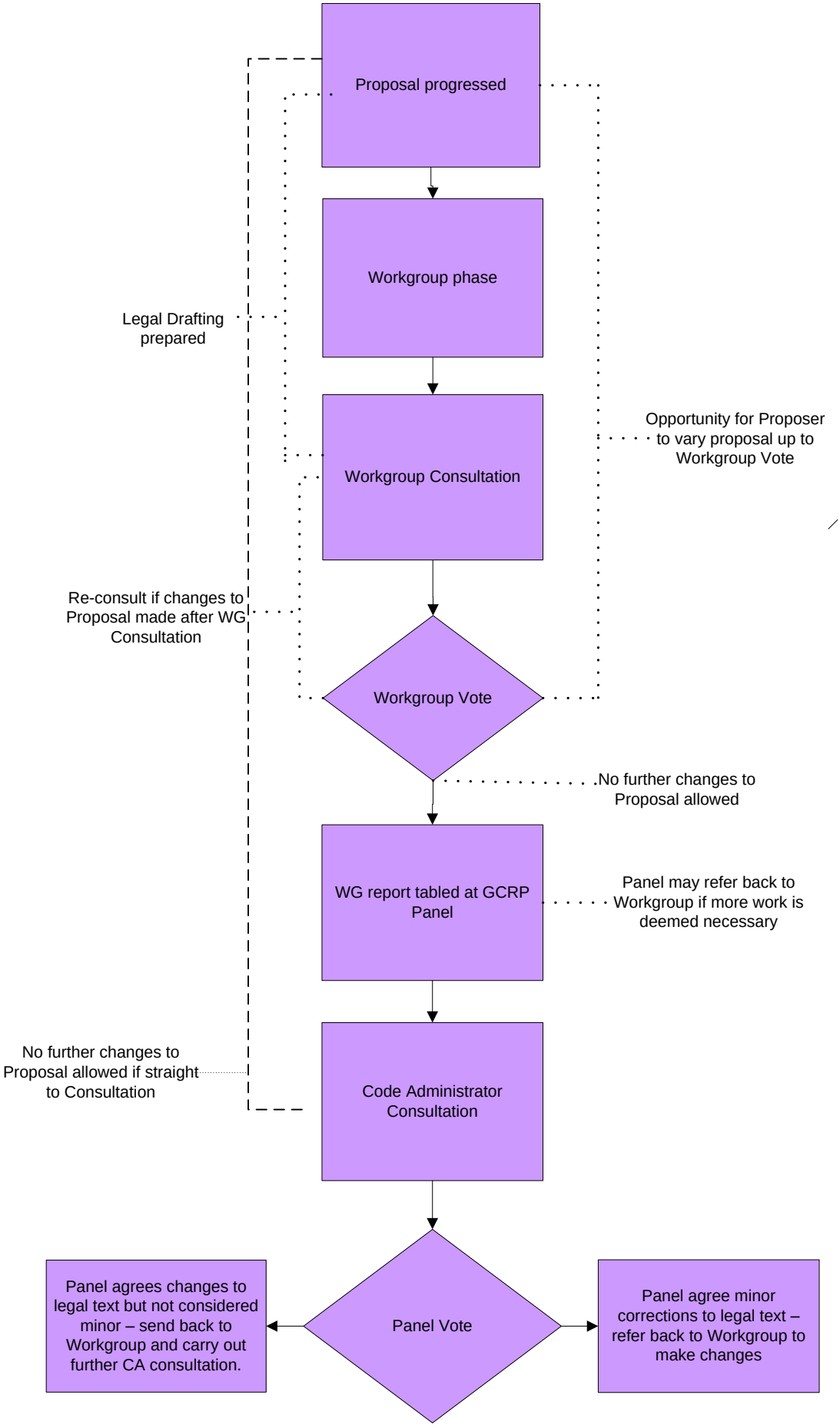
Submitting the Proposal

Once you have completed this form, please return to the Panel Secretary, either by email to emma.radley@nationalgrid.com and copied to grid.code@nationalgrid.com, or by post to:

Emma Radley
Grid Code Panel Secretary, TNS
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

If no more information is required, we will contact you with a Modification Proposal number and the date the Proposal will be considered by the Panel. If, in the opinion of the Panel Secretary, the form fails to provide the information required in the Grid Code, the Proposal can be rejected. You will be informed of the rejection and the Panel will discuss the issue at the next meeting. The Panel can reverse the Panel Secretary's decision and if this happens the Panel Secretary will inform you.

Strawman 1, Appendix 2: Process for Proposer Ownership



Strawman 2: GC0086 – GCRP Membership Review and the Creation of a Panel Recommendation Vote

Current Process

Membership of the GCRP and detailed information on responsibilities of and protections for GCRP Members and Alternate Members can be found in the Constitution and Rules of the Grid Code Review Panel and also in the General Conditions, Clause 4. Please see Appendix 1 a list of Panel Membership as detailed in the Grid Code.

The objectives of the GCRP are as follows:

(i) To keep the Grid Code and its working under review
(ii) To review all suggestions for amendments to the Grid Code
(iii) To publish recommendations as to amendments to the Grid Code that NGET or the Panel feels are necessary or desirable and the reasons for the recommendations
(iv) To issue guidance in relation to the Grid Code and its implementation, performance and interpretation when asked to do so by a Member on behalf of a User
(v) To consider what changes are necessary to the Grid Code and its implementation arising out of any unforeseen circumstances referred to it by NGET
(vi) To consider and identify changes to the Grid Code to remove any unnecessary differences in the treatment of issues in Scotland from their treatment in England and Wales
(vii) To consider any changes to the CACoP that the Code Administrator considers appropriate to raise.

Each Member is entitled to cast 1 vote, including the Chairman. However, the GCRP do not generally hold votes, due to the Grid Code not being subject to Open Governance. Usually, agreement is sought informally and by majority for an issue to progress to the next stage.

GCRP Structure (as listed in the General Conditions):

Non – Voting	***Voting***	
Code Administrator	Chairman (2 votes)	Supplier
Ofgem	NGET x 4	Non-Embedded
Panel Secretary	Large Generator > 3GW x 3	Small / Medium Generator
	Large Generator < 3GW	BSC Panel
	E&W DNO x 2	Externally Interconnected SO
	Scottish DNO	Relevant Transmission Licensees x 2
	Generator with Novel Units	

Proposal

The conclusion of the GC0074 discussions up to the point of the Industry Consultation was that Open Generator elections would be the fairest and most transparent way for Generator Representation in the Panel. Under GC0086 Open Governance, it would be appropriate to hold open elections for all Members of the GCRP, as happens in CUSC and BSC. This would be in conjunction with a robust election process.

The key objectives in reforming the structure of the GCRP would be to:

(i) ensure an appropriately sized Panel for the purpose of effective management and governance of GCRP business;

(ii) represent all those in a specific party category in a fair and equitable manner;

(iii) strike an appropriate balance between existing and new members to ensure that expertise is retained, whilst also allowing for new perspectives on the Panel.

Pending formation of a Grid Code Issues Group which would act as a pre-modification discussion forum, thereby reducing the need for in depth discussions on potential changes, the GCRP could therefore reduce in size and act solely as a decision – making body.

Open Governance would require a prescribed voting process as the GCRP would be required to provide a formal recommendation to the Authority for Standard Modifications, or a Determination for Self-Governance Modifications. Under this process, each Member would hold 1 vote, which may pass on to their Alternate in their absence, or to another Member of their choosing. The Chair would have a casting vote in the event of a tie only.

The proposed voting process would closely mirror that of the CUSC voting process as this is proven to work well. Each voting Member must justify their vote against the Applicable Grid Code Objectives and this will be recorded in the Final Report that is furnished to the Authority (or in the case of Self-Governance, the Final Report that is published).

The Code Administrator, Ofgem Representative and BSC Panel Member cannot cast a vote.

Code Administrator Role

The role of the Code Administrator is a Licence Obligation which NGET carries out in order to provide Users with support and guidance in relation to the modification process and assistance with understanding the operation of the Grid Code and other general information. In accordance with Principle 1 of the Code Administration Code of Practice, the Code Administrator is the 'Critical Friend' to all those with an interest in the code modification process, but particularly to under-represented parties, small market participants and consumer representatives. The GCRP Secretary is provided by the Code Administrator and there is a representative from the Code Administrator who also attends the meetings.

Code Administrator Recommendation

The Code Administrator recommends that the GCRP would require re-structuring in order to streamline the voting process.

<u>Strawman 2, Appendix 1: GCRP Membership</u> (Clause 5 – Constitution and Rules of the GCRP).

The Panel shall consist of:-

(a) a Chairman and up to 4 members appointed by NGET;

(b) a person appointed by the Authority; and

(c) the following members:

(i) 3 persons representing those Generators each having Large Power Stations with a total Registered Capacity in excess of 3GW;
(ii) a person representing those Generators each having Large Power Stations with a total Registered Capacity of 3GW or less;
(iii) 2 persons representing the Network Operators in England and Wales;
(iv) a person representing the Network Operators in Scotland;
(v) a person representing Suppliers;
(vi) a person representing Non Embedded Customers;
(vii) a person representing the Generators with Small Power Stations and/or Medium Power Stations (other than Generators who also have Large Power Stations);
(viii) a person representing the BSC Panel;
(ix) a person representing the Externally Interconnected System Operators;
(x) a person representing Generators with Novel Units; and
(xi) 2 persons representing Relevant Transmission Licensees (in respect of PC6.2, PC6.3, PC Appendix A, C and E, CC6.1, CC6.2, CC6.3, OC8 and GC.11).

Strawman 3: GC0086 – GCRP Election Process

Current Process
Currently elections are held every year. There are provisions in place for the Authority to appoint a Member to represent a category that is not currently represented.
Proposal
Elections would take place every two years to create continuity and stability on the Panel and to reduce the administrative burden on the Code Administrator. CUSC Schedule 1, the TEC Register and the Embedded MW Register could be used as an auditable data source to locate candidates and voters. A 'First Past The Post' voting method would be a clear and simple method when voting for GCRP Members. Candidates would be required to provide supporting information with their nomination, including a biography and details of their expertise and experience. (See Appendix 1). If it is felt that a party is not represented, then there could be a process whereby the Chair identifies that gap and seeks to appoint a representative, with the help of the Code Administrator.
Code Administrator Role
The Code Administrator would be responsible for running the Election process and setting out the timeline to be followed. The key steps include sending out invitations to parties to nominate candidates, circulating the list of candidates and voting papers, and publishing the results of the election. A document providing an overview of the role of Panel Member could also be compiled and circulated at the start of the process. (See Appendix 2). Voting Papers can be provided by email and contain a unique reference number and must be returned to the Code Administrator by a specific date and time. The Code Administrator then counts the votes and announces the results as soon as practicably possible after completion of the election timetable. The final step is for the Code Administrator to prepare an Election Report which contains details of the processes followed during the election. This is then provided to the Authority to enable them to assess whether the Code Administrator administered the election in a fair and consistent manner. This ensures that the correct process has been followed and provides transparency, and also helps the Authority to respond to any claims or questions raised about the Code Administrator's conduct in this regard.
Code Administrator Recommendation
The Code Administrator recommends that a formal election process is required in order to create a Panel 'recommendation' vote. Without an election process and subsequent change in membership, the recommendation vote would become complicated due to the numbers, particularly if there are a number of options (i.e Workgroup Alternative Modifications).

Grid Code Review Panel 201# Election for Generator and OFTO Panel Members.

Nomination Form and Candidate Statement

PART A – NOMINATION

Name of Candidate …. …….

I nominate the above named to stand as a candidate in the GCRP Modifications Panel 201# Election

Name ……

Company ……..

PART B - DECLARATION BY NOMINEE

I (full name) ……

confirm that I am willing to stand as a candidate in the forthcoming GCRP elections. I have read and understood the Constitutional Rules of the Grid Code as it relates to my responsibilities as a Panel Member and my ability to stand as a member of the GCRP. In particular I declare that I am not prohibited from holding office as a member of the Panel by virtue of the provisions of the Constitutional Rules of the Grid Code.

I agree that if elected I will act in the capacity of a Panel Member, I will:

(a) act impartially and in accordance with the objectives of the Grid Code
(b) not represent, or have regard for the particular interests of
  (i) the body or persons by whom I was nominated as a Panel Member
  (ii) any Related Person from time to time. (Including my employer and companies/ businesses in which I or a close family member has a significant interest.)
(c) at the time of my appointment and upon any change in such interests, disclose (in writing) to the Panel Secretary any such interests within (b) as I may have in relation to the Grid Code.

PART C – DECLARATION BY EMPLOYER

We**……** confirm that we are the employer of **…….** (the candidate). We agree that if the candidate is elected, we will provide to the Panel Secretary a letter agreeing that the candidate may act as Panel Member, and

that the requirements (as set out in Part B above) of the Grid Code will prevail over his duties as an employee.

Name …….

Appointed Position ……

e-mail address……..

Date ……

PART D – CANDIDATE STATEMENT

Summary of relevant experience ……

Specific areas of interest and expertise ……

Affiliation with other industry forums (if applicable)……..

Registered Capacity of generating plant represented, indicating whether planned, under construction or connected……..

Please email the completed form to: Grid.Code@nationalgrid.com

NO LATER THAN 5PM ON ######

Role Overview: Grid Code Review Panel Members and Alternate Members

Introduction

This is a high level overview of the role and responsibilities of Grid Code Review Panel (GCRP) Members and Alternate Members.

The Panel is comprised of the following,

(a) a Chairman and up to 4 members appointed by National Grid Electricity Transmission plc (NGET);
(b) a person appointed by the Authority (Ofgem); and
(c) the following members:

(i) 3 persons representing those Generators each having Large Power Stations with a total Registered Capacity in excess of 3GW;

(ii) a person representing those Generators each having Large Power Stations with a total Registered Capacity of 3GW or less;

(iii) 2 persons representing the Network Operators in England and Wales;

(iv) a person representing the Network Operators in Scotland;

(v) a person representing Suppliers;

(vi) a person representing Non Embedded Customers

(vii) a person representing the Generators with Small Power Stations and/or Medium Power Stations (other than Generators who also have Large Power Stations);

(viii) a person representing the BSC Panel;

(ix) a person representing the Externally Interconnected System Operators;

(x) a person representing Generators with Novel Units; and

(xi) 2 persons representing Relevant Transmission Licensees

Alternate Members

Each Member can appoint any individual to be his Alternate and may at his discretion remove an Alternate Member. The appointing Member must make the appointment or removal of an Alternate Member in writing to the Secretary.

An Alternate Member is entitled to receive notice of all meetings if the member requests.

An Alternate Member will cease to be an Alternate Member if his appointer ceases for any reason to be a Member.

Roles and Responsibilities of Grid Code Review Panel Members or Alternate Members

A summary of the areas of responsibility of GCRP Members/ Alternate Members is provided below. A detailed explanation is set out in the Grid Code General Conditions, paragraph GC.4 and the Constitution and Rules to the Grid Code Review Panel, paragraph 4, both of which are available at:

http://www.nationalgrid.com/uk/Electricity/Codes/gridcode/gridcodedocs/

NGET is required, under the Grid Code, to establish and maintain the GCRP, which is a standing body to carry out the following functions:

- Keep the Grid Code and its working under review.
- Review all suggestions for modifications to the Grid Code which the Authority, any User or any Relevant Transmission Licensee may wish to submit to NGET for consideration by the Panel.
- Discuss and, where necessary, publish recommendations on Grid Code Modification Proposals.
- Issue guidance in relation to the Grid Code
- Consider whether any changes to the Grid Code are necessary.
- Consider any changes to the Code Administration Code of Practice that the Code Administrator (NGET) considers appropriate to raise.

Panel Members are expected to review all Panel Papers in advance of the meeting and at the meeting engage as appropriate, and in accordance with their membership category.

Impartiality

GCRP Members and Alternate Members shall act impartially and represent all users within their membership category. They must not act as a representative or in the interest of a company or person they are employed by.

Further detailed information on responsibilities of and protections for GCRP Members and Alternate Members can be found in The Constitution and Rules to the Grid Code Review Panel, paragraph 18, which is available at the link above.

Term of Office

Panel Members and Alternate Members are appointed for a period of 12 months, starting from the first GCRP Meeting of the year. The appointed Members and Alternates shall then automatically retire at the beginning of the first Panel meeting the following year.

Each Member is eligible for re-appointment the following year.

Vacation of Office

The office of a member shall be vacated if:

- He resigns his office by notice delivered to the secretary; or
- He becomes bankrupt or compounds with his creditors generally; or
- He becomes of unsound mind or a patient for any purpose of any statute relating to mental health or
- He or his alternate fails to attend more than three consecutive meetings of the Panel without submitting a reasonable explanation to the Chairman.

Time Commitment and Attendance

GCRP meetings are held every other month throughout the year, usually on the third Wednesday of the month at National Grid's offices in Warwick.

The Chairman or any other Member may request to convene further meetings by giving 21 days notice to the Secretary. Such notice should be in writing and contain a summary of the business that is proposed.

Papers and an agenda for the meeting are sent out via email 10 working days before the meeting and may involve varying degrees of complexity, depending on the issues or topics raised. Meetings are held in open session and may last up to 5 or 6 hours.

If Panel Members, or any User they represent, wish to present an issue for consideration by the Grid Code Review Panel, this should be submitted to the secretary as a paper at least 10 working days before the panel meeting such that it can be circulated with the meeting papers.

Occasionally, the Panel Members may be asked to accept a late paper, which will be circulated less than 10 working days before the Panel meeting.

Panel Members are expected to attend as many Panel Meetings as they can. Alternate Panel Members are elected to provide cover in the event that a Panel Member is unable to attend a meeting, however it is not a requirement that both Panel Members and their Alternates attend every meeting.

The Secretary to the GCRP will circulate minutes of each Panel meeting to Panel Members within 10 working days after the relevant meeting. Panel Members and Alternate Panel Members are asked to review and provide comments on these minutes, which will then be submitted for approval and publication at the subsequent Panel meeting.

Further Information

Further information on the Grid Code modification process and the GCRP can be found in the Grid Code Modification Summary Process, which is available at

http://www.nationalgrid.com/NR/rdonlyres/E2DEEFB9-C9B7-466C-B9CB-2F7C46FCEA4F/63185/SummaryoftheGridCodeModificationProcess5Nov2013.pdf

If you would like any further information, or would like to discuss anything in this guide, please contact grid.code@nationalgrid.com or call Robyn Jenkins on 01926 655602.

Strawman 4: GC0086 – Independent Chairman

Requirement
The GCRP Chairman shall be independent of the relevant Licensee (National Grid Electricity Transmission plc). The appointment (and any subsequent re-appointments) shall be subject to approval by the Authority.
Timescales
To be decided. It is unlikely that the process for finding and recruiting a new Panel Chair will be completed in time for the next GCRP Panel elections.
Voting Rights
The same process for the Chair's voting rights in the CUSC could be used for the Grid Code. This would mean that the Chair has a casting vote for matters other than the Panel Recommendation Vote and will have an additional casting vote in the event of a deadlock when the Panel is voting on a Self-Governance proposal. A casting vote is not necessary in the event of a deadlock for a standard Modification, as the recommendation can legitimately reflect a split vote without hindering the ongoing process of a proposal.
Deputy Chair
As for the CUSC, it is suggested that in the event that the Independent Panel Chairman is unable to attend a GCRP meeting, the Deputy Chairman could be provided by National Grid. Alternatively, Panel Members could elect a Deputy from those present at the Panel meeting. If this were the case, then that Panel Member would be unable to vote, but they would have the ability to pass their vote to an alternate Panel Member.
Recruitment Process
Selection Process Options: 1. Recruitment Agency. This could be used for drawing up a shortlist of candidates and National Grid would coordinate the appointment process. NB. This process was used for recruiting the current CUSC Chairman and took approximately 6 months from the agency beginning their search, to the appointment being approved by Ofgem. The agency charged a £40,000 flat fee for their services, plus 12% expenses and any incidental expenses. They also recommended a fee of £50,000 - £60,000 for the role. 2. Use of a Panel sub-committee to assist in the appointment process. This could include a representative from the Code Administrator, a representative from NGET (potentially the existing Panel Chair) and two Panel Members. The sub-committee could be responsible for compiling terms of reference for the selection adviser, reviewing the selection adviser's capability and proposed process for short listing, agreeing the scope of the Panel Chairman's role and assess the shortlisted candidates for suitability for the role and make a recommendation as to who should be put forward to the Authority.

3. Panel Member nominations.
A potential candidate could be nominated by Panel Members, in place of using a selection adviser. This would be a significantly cheaper option, but the drawbacks are that it would be less transparent and may raise issues over impartiality and potential conflicts of interests.

CUSC Process:

The process drawn up and recommended by the Governance Standing Group under the CUSC, was that a Selection Adviser ('head hunter') is used to draw up a shortlist of candidates, a Panel sub-committee then reviews the short list, interviews candidates (if necessary) and makes a recommendation to the Panel as to which candidate (s) would be most suitable. The Panel then reviews and make a recommendation to the Authority.

Time Commitment for Panel Chair

This role would be a part-time position. It would involve 1 day every 2 months attending the meeting, and approximately 1 -2 days every 2 months for preparation (reading papers, pre-meet with the Code Administrator). This would include travel to and from the Panel meeting and the pre-meet with the Code Administrator. This would equate to 12 - 18 days per year. In addition to this, there would be a time commitment associated with urgent modifications and any extraordinary Panel meetings or business that take place. 6 days is budgeted for this scenario, taking the potential time allowance up to 24 days.

Code Administrator Recommendation

To appoint an Independent Chair using recommendations from the GCRP and other industry colleagues. A selection of Panel Members will shortlist and interview thee recommended candidates and make an informed decision. The use of head hunters has proved costly and onerous in the past so the Code Administrator is not recommending this as a method for recruiting the Chair.

Strawman 4, Appendix 1: Candidate Attributes

This is the potential attributes discussed by the GSG when discussing the process for the Independent CUSC Panel Chairman. The views on the merits of each attribute is set out.

	Pros	**Cons**
Retired	Greater availability and flexibility to attend meetings, including "urgent" meetings, at short notice, read papers, attend briefings with the Code Administrator etc.	May be "out of the loop" in terms of current knowledge on industry or commercial matters.
Currently employed	Greater awareness of current issues and commercial practice.	Less availability and flexibility to attend meetings at short notice. Potential for conflict of interest, depending on current

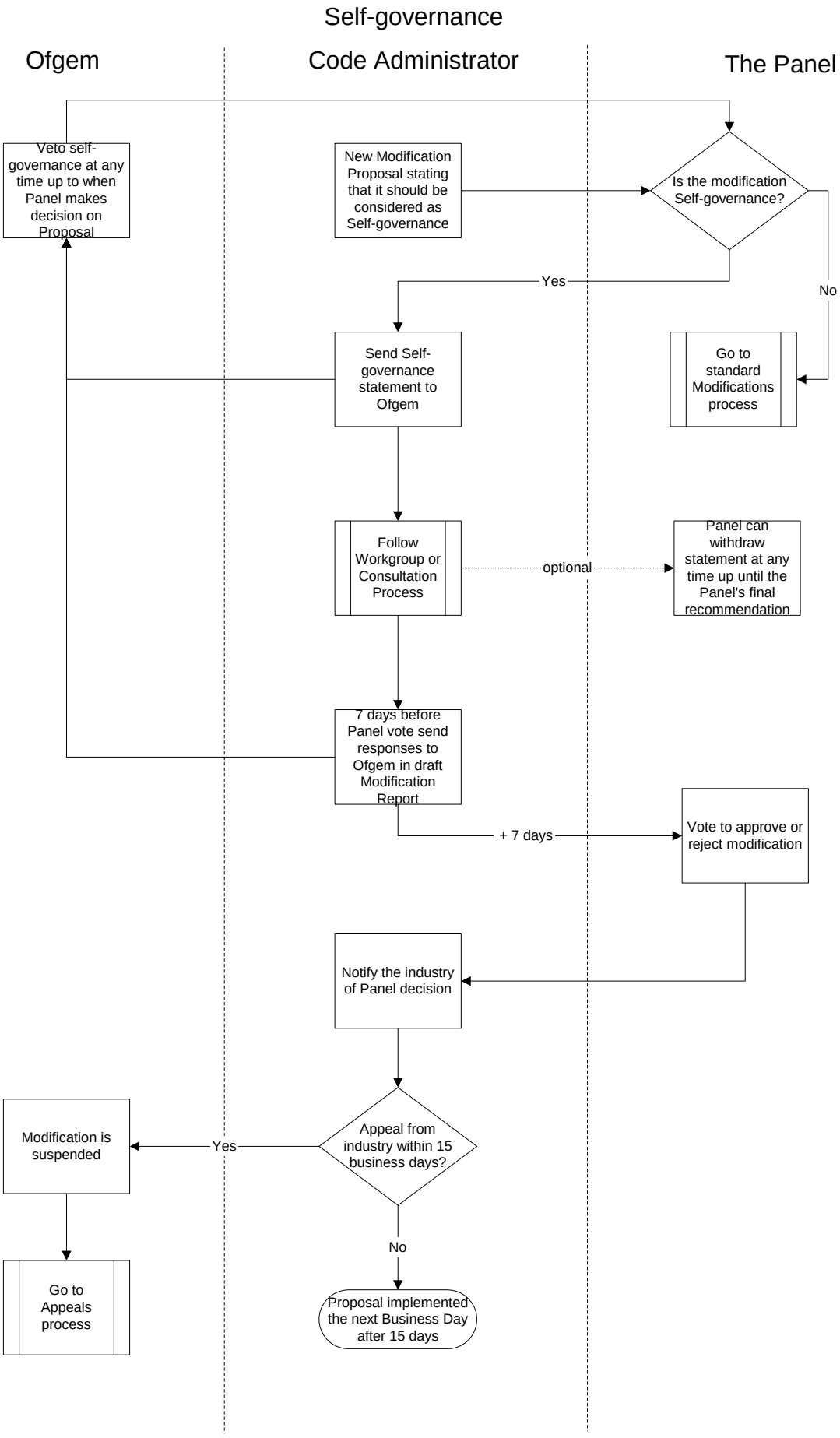
	Pros	Cons
		employment.
Seniority	Brings wider knowledge and experience to the position. Adds gravitas to the position.	The more senior the candidate, whether employed or retired, the more their availability and flexibility is likely to be restricted, due to existing diary commitments. Fee charged likely to be higher the more senior the candidate.
Public Sector	Independent of market participants.	More likely to lack relevant technical and/or commercial experience of issues which matter to the industry.
Private Sector	More likely to have relevant technical and/or commercial experience of issues which matter to the industry.	Potential for conflict of interest, depending on current or previous employment.
Academic	Independent of market participants. Likely to have relevant technical expertise.	May lack practical application of specialist theory. Potential for conflict of interest, depending on funding they / their employer receives from external bodies (such as energy companies) for research etc.
Based in UK	Better availability for meetings. Lower travel expenses. Potentially greater relevant UK experience.	May lack a wider non-UK perspective, which will become increasingly relevant with European Third Package.
Based overseas	Potentially brings a wider understanding of how similar matters are dealt with overseas (e.g. European network codes).	Potential lack of experience and knowledge of UK market and commercial operations. Higher travel expenses. Less flexibility and availability.
Has relevant technical/ commercial experience of energy sector	Greater understanding of issues raised and discussed, enabling better facilitation of the meeting. Able to recall experience of previous events or changes that are relevant to matters at hand.	May become overly involved in debate at meeting and step outside the role of chairing the meeting. Not constrained by previous events and decisions.

Strawman 5: GC0086 – Self Governance

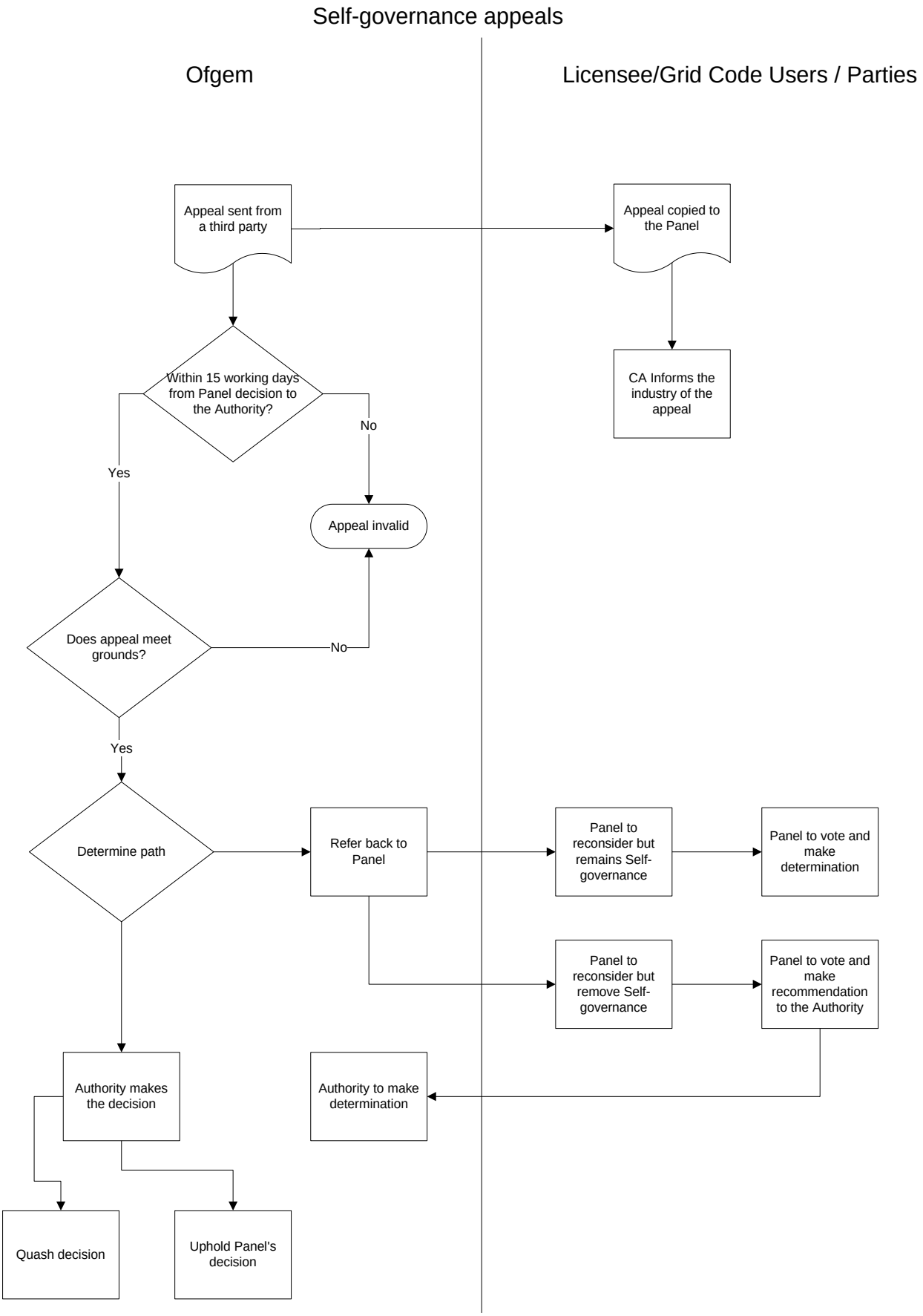
Proposal
Where it is determined that a Proposal will not have a material impact in line with the criteria set out in the transmission licence, the Self-Governance route would expedite the process of implementing a Proposal by not requiring the Authority to make a decision, instead the GCRP would make the decision whether to implement.
Self-Governance Criteria
The criteria set out in the Licence is as follows: *Means a Proposal 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, or the management of market or network emergencies; and* *(v) the [relevant code] governance procedures or the [relevant code] modification procedures, and* *b. is unlikely to discriminate between different classes of [relevant code] parties.* This criteria could be set out in the definition for Self-Governance in the Grid Code as it currently is for the CUSC and BSC.
Process
The Proposer of a proposal can state on the proposal form whether they believe their modification should be treated as Self-Governance. The Panel then assess this against the criteria at their Panel meeting. If they agree that it should be Self-Governance, a 'Self-Governance Statement' (see Appendix 3 below) is then compiled stating the reasons for this decision and the timetable for the progression. It is then sent to Ofgem. If at any time the Panel feel that the proposal should no longer follow this process, they can withdraw the statement. If Ofgem agree, the proposal would then revert back to the standard route. The Authority can direct that the modification should be progressed as Self-Governance at any time before the Panel makes their determination. A Self-Governance proposal can be progressed via a Workgroup, or it can go straight to consultation, depending on the complexity of the proposal and the Panel's decision. It is proposed that any consultation includes a question on whether the respondents believe that the Self-Governance route is appropriate. The Panel then make a final determination as to whether the proposal better facilitates the Applicable Grid Code Objectives and should be implemented. If there is a split vote, the Panel Chairman can have a casting vote and may not abstain. NB: Please see Flowcharts below.

Appeals
As the Authority does not make a decision, parties have 15 working days from publication of the Panel's determination on such modification to submit an appeal to the Authority. The Authority may then either uphold the appeal and make a decision on implementation, or they may uphold the Panel's decision. Alternatively, the Authority may refer the decision back to the Panel for consideration and can retain the Self-Governance route, or may veto the Self-Governance decision in which case the Authority will make a final decision.

Strawman 5, Appendix 1: Self-Governance Flowchart



Strawman 5, Appendix 2: Self-Governance Appeals Flowchart



Strawman 5, Appendix 3: Self-Governance Statement Template

Name
Ofgem Address

Name
GCRP Secretary
Email:########
Direct tel: #########

[DATE]

www.nationalgrid.com

Reference: GC#### Self-Governance Statement

Dear ####,

This is the Grid Code Review Panel's (GCRP) Self-governance Statement to the Authority for Grid Code Modification Proposal ### (number). National Grid has prepared this Self-governance Statement on behalf of the GCRP and submits it to you in accordance with Grid Code Section ######.

On [Panel Meeting date] the GCRP considered GC#### and confirmed unanimously/by majority vote that it meets the Self-governance criteria.

As such, GC#### is unlikely to discriminate between different classes of Grid Code Users / parties and is unlikely to have a material effect on:

i) Existing or future electricity customers;
ii) Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity,
iii) The operation of the National Electricity Transmission System
iv) Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies
v) The Grid Code's governance procedures or the Grid Code's modification procedures

In particular, the GCRP believe that …….(any further justification for why this proposal should be treated as Self-governance).

The proposed timetable for the progression of GC#### is as follows:

[Dates, including date of Panel Determination.].

The GC#### form is available at:
##

If you require any further information please do not hesitate to contact me.

Yours Sincerely,

###############
GCRP Panel Secretary.

Strawman 6: GC0086 – Fast Track Self-Governance

Summary

This enables a much faster process for minor modifications to the code. If the GCRP unanimously agree that a proposal meets the fast track criteria, it can proceed and be implemented without assessment against the objectives or consultation, or an Authority decision.

Criteria

Fast Track Criteria means that a proposal, 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.

Process

A Fast-Track Report template would be used for the Proposer to populate. The Panel may still consider a proposal to be Fast-Track if it has been submitted in the standard proposal form.

Once the report has been submitted, the Code Administrator would ensure that the relevant legal text has been provided prior to circulation on papers day.

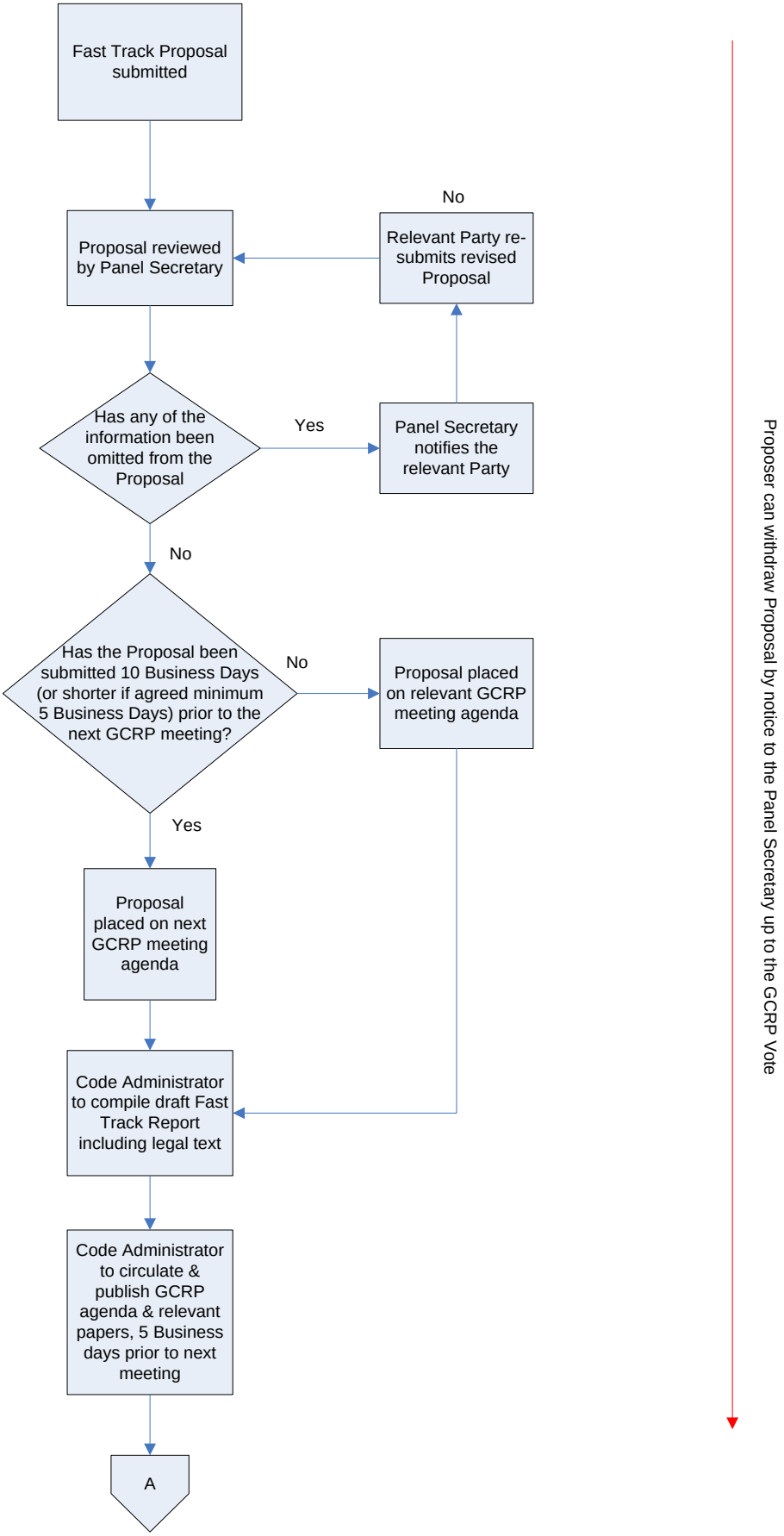
No evaluation against the Applicable Grid Code Objectives is required, the Panel will instead determine their decision based on the scrutiny and discussion of the proposed modification. The Panel will, at their meeting, discuss and vote on whether the proposed change meets the Fast-Track Criteria and therefore should be progressed via that route, and determine that it should be implemented. This decision would need to be unanimous in order for it to progress. If the decision is against meeting the criteria, or is not unanimous, the Panel Secretary shall request further information from the Proposer in the form of a standard proposal form. If this is not received within 28 days the Panel Secretary may reject the proposal.
Otherwise, the Proposal will progress and pending any objections, will be implemented on the date proposed and agreed by the GCRP.

Objections Process

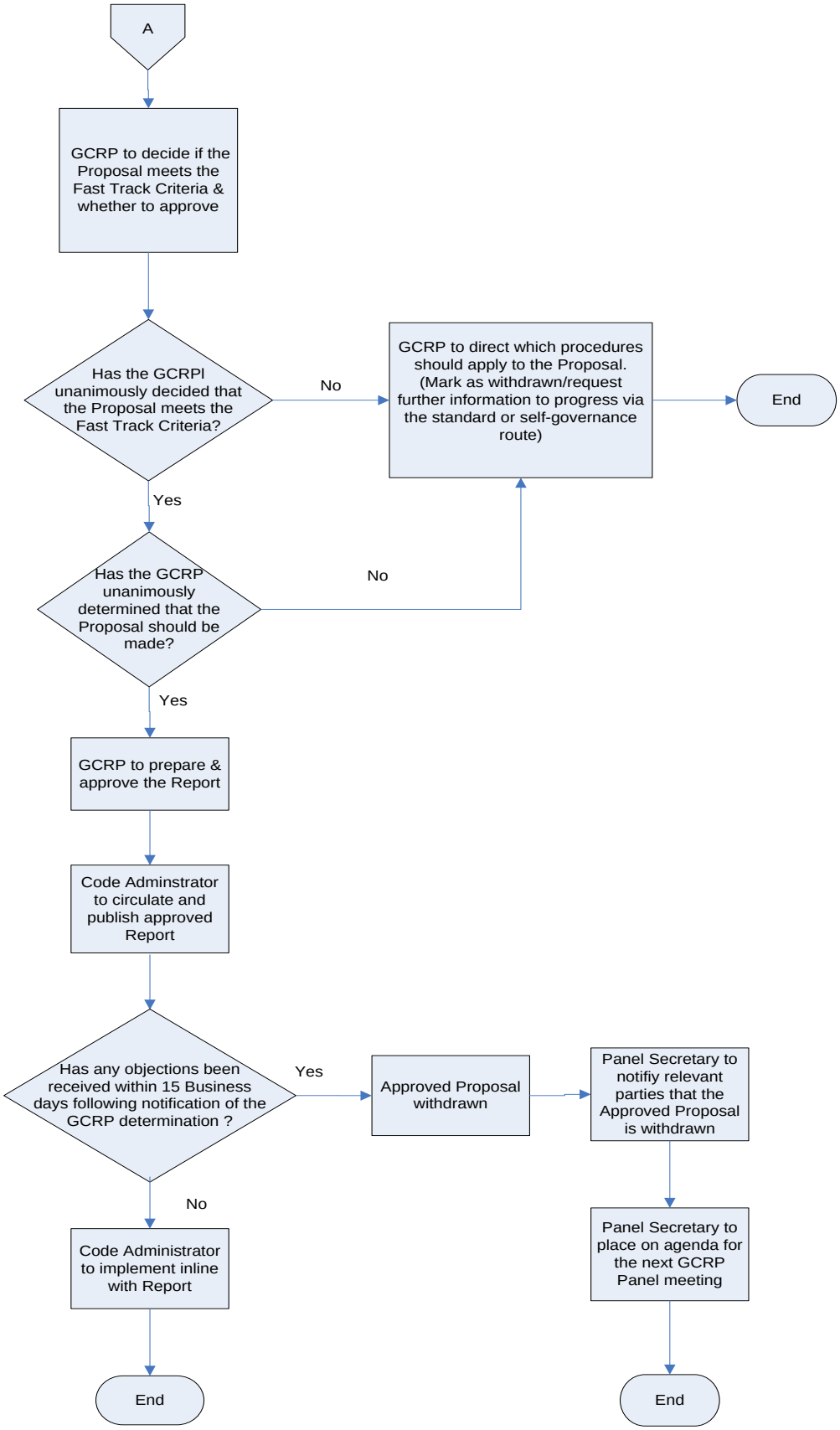
Following a notice to all applicable parties of the GCRP's decision to approve a Fast Track Proposal, parties and the Authority will have 15 working days to object to the Proposal not meeting the criteria. It is suggested that all parties that can propose a modification, can make an objection.
The 15 working days window commences from publication of the approved Fast Track Report. The objecting party may send an email to the GCRP Secretary with an explanation as to why they believe it does not meet the Fast Track criteria. Upon receiving an objection, parties will be notified (including Ofgem) and the proposal will not be implemented.

Strawman 6, Appendix 1: Fast Track Proposal Process

Fast Track Proposal Process



Strawman 6, Appendix 2: GCRP Fast Track Proposal Process



Strawman 7: GC0086 – Urgency Process

Summary

An urgent proposal may be raised whereby a party feels that the change needs to be progressed as a matter of urgency. An urgent Modification Proposal may deviate from all or part of the standard modification procedures.

Following designation of a Modification Proposal as urgent, Panel Members and Industry participants shall take all reasonable steps to ensure consideration, evaluation and implementation (if approved by the Authority) of the proposal is undertaken as soon as practicable. (See Flowchart below).

The status of the proposal may be changed from urgent (and vice-versa) if a change in circumstances relating to that proposal warrant it.

Guidance

The proposal must exhibit at least one of the following characteristics as identified by the Authority:

a) There is a very real likelihood of significant commercial impact upon the Transmission Company, industry parties, or customers if the proposal is not urgent;
b) Safety and security of the network is likely to be impacted if a proposal is not urgent;
c) The Proposal is linked to an imminent date-related event.
d) If not addressed a Party would be in breach of any relevant legal requirements.

This criteria is not exhaustive or definitive, and there may be occasions where a proposal is deemed to be urgent by the Authority without exhibiting one of the characteristics above (or conversely it may be non-urgent if one or more of the characteristics above is exhibited).

Ofgem have expressed the opinion in their guidance that retrospective modifications should be avoided, however their may be exceptions that could give rise to the need for a modification which would have a retrospective effect.

An urgent proposal can be considered as Self-Governance if certain criteria are satisfied. However, given the criteria for Self-Governance and Urgency have contrasting impacts, it is unlikely that a proposal would fulfil both the Self-Governance and Urgency criteria.

Role of the Code Administrator

The Panel Secretary should review the proposal and, upon being satisfied that all relevant fields have been populated, inform the GCRP via email. The Panel Secretary will then produce timetables to demonstrate how the proposal would progress if it is treated as urgent, if it is not treated as urgent, and if it is treated as urgent and proceeds directly to consultation. These timetables should then be forwarded to the GCRP. The Panel Secretary will then contact Panel Members by phone to ensure that they have received the urgent request and proposed timetables.

Further to this, the Panel Secretary will then inform industry and provide them with the material (urgent proposal and proposed timetables). This email will include a request for a potential Workgroup and responses should be requested within 5 days of circulating.

All relevant material should be published on the National Grid website.

Role of the GCRP

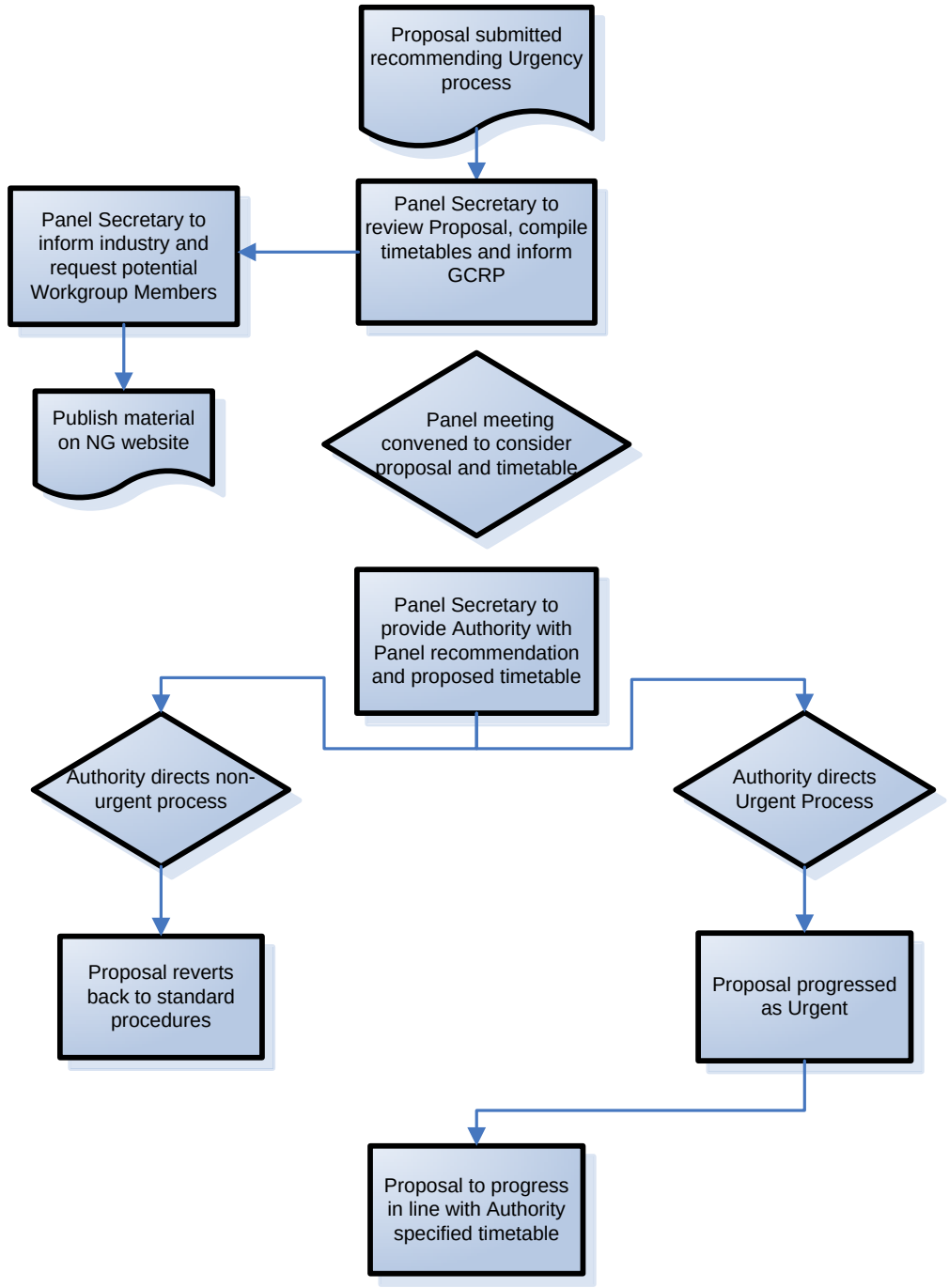
The GCRP will convene a meeting to discuss the proposal and must give due consideration to the complexity, importance and urgency of the proposal, taking into account the guidelines published by the Authority.

They GCRP must decide on the appropriate course of action, namely whether they believe that the proposal should be treated as Urgent, and the timetable for progressing such a proposal.
A recommendation in writing should then be made to the Authority.

Following receipt of the Authority's direction on whether the proposal should be treated as urgent and the timetable to be followed, the proposal will then be developed in accordance with the process and timetable stipulated.

The Authority may use their send back powers if they believe that they cannot properly form a decision on the Final Report for the urgent proposal.

Strawman 7, Appendix 1: Urgent Process Flowchart



NB. All timescales can be reduced from the standard timescales.

Annex 4 – Historical 'contentious' modifications

Grid Code Issue	Title	Summary	Bone of Contention	How would this have been different with Open Governance?
GC0063	Power Available	Current MEL submissions are inaccurate for windfarms which adds to operational costs and prevents windfarms from providing response & reserve services. This issue aims to identify whether Power Available is required in the UK by looking at the defect it attempts to resolve, how it can be implemented and the information currently available to NG as NETSO	Workgroup did not reach a consensus; final report drafted on basis of majority view but at subsequent discussion in GCRP it became obvious that under the current governance further work on a compromise was required	Voting in workgroup would have given a much clearer steer on how to present the final report. Likely that this would have included multiple options with a workgroup/panel recommendation.
GC0066	Formalising Two Shift Limits	Two Shifting Limit (TSL) is defined as "the maximum number of times in any Operational Day that a Genset may De-Synchronise." The purpose of a Two Shifting Limit is to allow Generators to limit the number of De-Synchronisations that their BM Units may be subject to in a day. Some industry parties consider that formalising TSL as a dynamic parameter would ensure that National Grid complies with TSL in the same way as it does with other dynamic parameters, thus providing clarity around its use. Other parties consider that Minimum Zero Time (MZT) and/or Bid-Offer Prices are adequate to manage multiple Synchronisations and De-Synchronisations.	An irreconcilable range of stakeholder views were received in response to the consultations on this, from some parties that felt formalisation of TSL would be beneficial to others that supported its removal from the Grid Code. NG acknowledged these differences but on balance recommended the removal of TSL from the Grid Code which was then implemented with Ofgem's approval.	Workgroup and GCRP voting (with a representative elected panel) would have made relative support for the options clearer. NG were in an invidious position on this proposal and would have appreciated a more defined process to allow for the differences of opinion.
GC0077	Suppression of Sub-Synchronous Resonance from Series Capacitive Compensation	It is proposed that the Grid Code is changed to provide clarity that Transmission Licensees installing Series Capacitive Compensation devices or HVDC Convertors will ensure that Sub-synchronous Resonance and Sub-synchronous Torsional Interaction risks are appropriately mitigated.	Original proposer felt that the consultation as drafted by National Grid at the request of the GCRP did not represent their original issue.	Proposer ownership would have given greater assurance. NG were acting on behalf of GCRP and had tried to develop the proposal pragmatically but this had obviously not been successful.

Annex 5 – GC0074 Conclusions

Proposed GCRP Representation:

Non – Voting	*Voting*	
GCRP Chair	**Generator x 12**	**Interconnector**
Panel Secretary	**NGET x 4**	**Non-Embedded**
Code Administrator	**Scottish TO x 2**	**Offshore TO**
Ofgem	**E&W DNO x 2**	**Supplier**
BSC Panel	**Scottish DNO**	

Annex 6 – Legal Text Page-turning Summary

GC0086 Open Governance: Legal Text

The table below contains comments provided by the Workgroup based on draft text circulated 16th March 2015 and page turned on 30th April and 8th May 2015.

Section/para ref	Issue	Proposed Changes/Actions
GD1 Definitions	"Citizens Advice" and "Citizens Advice Scotland" are not defined	Add definitions to GD1
GD1 Definitions	Typo in "Grid Code Modificiation Register"	Correct to "Modification"
GD1 Definitions	Definition of "CUSC Modifications Panel Recommendation Vote"	Change to refer to Grid Code
GD1 Definitions	Definition of "Legal Challenge" refers to Competition Commission	Change reference to Competition and Markets Authority (CMA)
GD1 Definitions	Try to future proof definition of "Legal Challenge", noting that Grid Code modification decisions are not currently subject to CMA appeal under DECC's Statutory Instrument on energy code modification appeals	Try to future proof this text
GD1 Definitions	"WG Consultation Alternative Request" definition includes a reference to a CUSC text paragraph (8.20.13)	Change reference to refer to Grid Code proposed text
GD1 Definitions	"WG Consultation Alternative Request" (WGCAR) definition includes a "BSC Party" as someone who can raise a WGCAR.	Change the parties listed in this definition to be the same as those who can raise Grid Code Modifications, as set out in the draft Industry Consultation, e.g: 1. Authorised Electricity Operators 2. Citizens Advice and Citizens Advice Scotland 3. NGET plc 4. Materially Affected Parties (where designated as such by the Authority)
GR1 Introduction	"Governance Rules" is not currently nor proposed to be a defined term.	Revise text to either make Governance Rules a defined term or remove the bold text
GR1 Introduction	Text states that the "Governance Rules" provides for the establishment of the Grid Code Review Panel, question raised over whether it is the Transmission Licence instead	Check the Transmission Licence Condition C14 – paragraph 1A(a) refers.
GR1 Introduction	Clarity sought over what is happening to existing text in Generation Conditions paragraph 16 which refers to "Significant Code Review"	Delete existing paragraph GC16 and replace it with proposed text in GR 1.4.

Section/para ref	Issue	Proposed Changes/Actions
GR3 The Grid Code Review Panel	Para GR3.1.2(b)(i) refers to "the Code Administrator". Question over whether this reference should be to "the Panel Secretary appointed by the Code Administrator" instead. Para GR3.1.2(d) refers to "the Panel Secretary will be a non-voting member of the Grid Code Review Panel". Ofgem commented that this is confusing when there is also a reference to the Code Administrator.	There is a difference between the "Panel Secretary" who is a specific individual who works for the Code Administrator function and the "Code Administrator" which is a group of people or function. The Panel Secretary has specific duties relating to administering the Panel (e.g. circulating the papers, writing the minutes, publishing documents on the website), whereas the Code Administrator's role on the Panel is advisory, to help the governance process run smoothly. Propose to change text to read: (i) A representative of the Code Administrator
GR3 The Grid Code Review Panel	GR3.3(c) states the "Code Administrator" is responsible for implementing or supervising the implementation of Approved Modifications. Originally, the text stated that this should be done by "NGET". The Workgroup discussed who responsibility should sit with and agreed that it should be the Code Administrator rather than NGET, noting that although the Code Administrator role is currently carried out by NGET employees, in the future, it could theoretically be undertaken by a third party.	None, leave responsibility with the Code Administrator.
GR3 The Grid Code Review Panel	Ofgem proposes to add the word "including" into the text in brackets in GC3.3(f) such that it would read: "Prior to making any request to the **Authority** for any revision pursuant to GR3.3(d) (including where it is necessary as a result of a **Legal Challenge**)	Agreed, change text.
GR5 Term of Office	There is a missing word in GR5 which reads: "shall be a period expiring on 30 September every second."	Insert the word "year" to read: "shall be a period expiring on 30 September every second year".
GR5 Term of Office	The proposed text means the term of office will run from 1 October until 30 September. The Workgroup agreed that it would run from 1 January to 31 December.	Change the text to reflect the revised timescales.
GR6 Removal from Office	There is a missing word in GR6.2 which reads: "A **Grid Code Review Panel** resolution under GR8.6.1(d) or (e) shall, notwithstanding any other, require the vote…"	Insert the word "paragraph" as per the CUSC text, so that it would read: "A **Grid Code Review Panel** resolution under GR8.6.1(d) or (e) shall, notwithstanding any other paragraph, require the vote…"
GR7 Alternates	Workgroup debate over whether the proposed text to introduce the CUSC arrangements for Alternates was appropriate. One Workgroup member strongly disagreed with this approach. Appointed Panel members can appoint	The Workgroup agreed that there should be a pool of Alternates for Elected posts, unless no pool was formed following the Election process, in which case the Elected Panel Member could nominate their own Alternate.

Section/para ref	Issue	Proposed Changes/Actions
	their own Alternates for any meeting they cannot attend.	
GR8 Meetings	GR8.5 includes a list of people that GCRP agendas and papers shall be sent to, which suggested "Users" and "each BSC Party". The Workgroup discussed this and suggested it should remain as it is now, namely Panel Members and Alternates, plus publication on the website.	Remove text "to each **User** and each **BSC Party** at the same time at which notice is given to".
GR8 Meetings	GR8.8 includes a requirement for at least one Panel Member to be at the venue in the notice of the meeting. One Workgroup member commented this served no purpose and should be deleted.	Delete text: "(although at least one must be at the venue in the notice of meeting)"
GR10 Quorum	GR10.2 – Workgroup agreed that the Principle is that there should be 6 individual people in the room, not 1 person with 6 votes.	Amend the text to make this clear.
GR11	GR11.1 states that a vote should be put to "Panel Members". GR3.1.2(c) sets out which Panel Members have a vote, Workgroup suggested the two should be cross-referenced to make it clear that only Panel Members with a vote may vote.	Agreed to make it explicit in the text.
GR12 Protections for Panel Members	The Workgroup considered whether indemnity was required in the Grid Code. One Workgroup member felt that without indemnity, this might put potential Panel Members off.. Workgroup felt it was safer to have the text in, although recognised that it seemed unlikely it would be required. Panel Members are not currently indemnified, however they do not have the same decision making powers that are being proposed.	Include some form of indemnity in Grid Code. Consider who would provide the indemnity.
GR13 & GR14 Modification Register & Progress Report	The Code Administrator highlighted that these sections contain a lot of detail that may not be required for the Grid Code and suggested they could be reworded to state that the reports will be produced.	Code Administrator to speak to Ofgem to ask for views on the Modification Register and Progress Report.
GR16 Modifications	GR16.1 sets out who can raise a Modification Proposal. The proposed text includes references to BSC Party and User which is not appropriate for the Grid Code.	Use the four types of party agreed previously: 1. Authorised Electricity Operators 2. Citizens Advice and Citizens Advice Scotland 3. NGET plc 4. Materially Affected Parties (where designated as such by the Authority)
GR16 Modifications	GR16.3(g) requires the Proposer to state whether their	No changes to text. Code Administrator to make sure the guidance notes

Section/para ref	Issue	Proposed Changes/Actions
	modification falls within a Significant Code Review. A workgroup member questioned why this burden should fall on the Proposer as it seemed a bit onerous. The expectation is that if the Proposer were not sure what to put, they would contact the Code Administrator for help filling in the form.	are clear on the Modification Proposal form.
GR16 Modifications	GR16.3(k) refers to a "Grid Code Party" which is not a concept that exists in the Grid Code.	Consider how to draft this.
GR16 Modifications	GR16.11 needs to cross reference existing licence conditions in Condition C14.	Review licence references
GR19 Panel Proceedings	GR19.2 allows the Panel to amalgamate two proposals. The Workgroup asked for a safeguard to be added to the process, allowing the Proposer to object to the amalgamation.	Revise text to reflect Workgroup view. Update draft Industry Consultation with the Workgroup's views on Amalgamation.
GR20 Workgroups	There are still split views on mandating a Workgroup Consultation. The proposed text in GR20.10 requires a Workgroup Consultation to be held.	No changes proposed to Legal text. Include a question on this issue in the Industry Consultation.
GR20 Workgroups	GR20.9 references CUSC paragraph 8.20.9	Change reference to GR20.9
GR20 Workgroups	GR20.13 refers to Grid Code Party and BSC Party.	Change references to match the list of parties who can raise Grid Code Modifications.
GR23 Grid Code Modification Report	GR23.9.3(a): Is "Users" a defined term?	Check whether User is a defined term and, if so, whether it is used appropriately here.
GR25 Self Governance	GR25.4 includes the ability for the Authority to overturn the Panel's decision that a modification is not Self Governance. Two Workgroup members felt strongly that the Authority should not be able to direct that the Panel makes a decision where the Panel feels that it should not.	Update section on self governance in industry consultation to specifically ask whether Ofgem should be allowed to direct the Panel to make a decision where they don't want to.
GR26 Implementation	Ofgem questioned under what circumstances GR26.5 would be required.	No changes proposed to legal text. Code Administrator to speak to Ofgem.
GR26 Implementation	GR26.7 Transitional arrangements – need to clarify what the cut-off point is for existing modifications.	Amend text to reflect Workgroup agreement that cut-off point is the Modification Report being sent to the Authority. Update Industry Consultation to ask for views on this.
GR27 Fast Track	Ofgem queried whether the basis for the objection is correct and suggested it should be changed to include an objection on the merit of the proposal.	Look in Transmission Licence to see what the objection is based on – is it fast-track criteria or merit of the change.
Annex GR.A	Put process in the text.	Draft legal text based on process agreed by the Workgroup.

Annex 7 – Proposed Alternative and Original comparison table

Comparison of the Alternative Modification with the original GC0086 Modification
Alternative based on existing Constitution and Rules of the GCRP

Item	Original	Alternative	Commentary on the defects in the original Issues Proforma and comparison with the Alternative Modification
Independent chairman approved by Ofgem	Yes	No	This has not been included. It is in NG's interest to operate this transparently in accordance with Panel members' expectations. It is not a concrete Ofgem recommendation nor a CACOP requirement to have a fully independent chairman.
Industry Panel members elected to position	Yes	Yes	Where a clearly defined group of users such as licensees exist, it is easy to arrange elections. Where the user base is more diffuse, such as non-licensed parties affected by the grid code, it is much less easy to arrange elections and a flexible representation model with Ofgem oversight is appropriate. This is now proposed in both alternatives. The Alternative Modification proposes the same membership as the Original proposal.
Allow Ofgem the right to appoint a Panel member if a group/class of user(s) is not represented on the Panel	Yes	Yes	This already exists for Medium and Small Power Station owners, extension to all Users and AEOs is desirable. This now occurs in both alternatives.
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	Yes	Any user or AEO should be able to do this and have it progressed in accordance with the CACOP. This is now proposed in both alternatives. In addition, the alternative allows Panel Members to raise Grid Code Modifications, as they can currently**.**
All non self governance Mods go to Authority for final decision	Yes	Yes	This is the default anyway.
Have a self governance Mods route to speed up simple changes	Yes	No	In the Alternative the Panel can progress a modification without workgroup or consultation, but must always submit to the Authority. In effect in the original modification, the Authority does approve it by issuing a Direction. There is nothing in the current constitution or in the proposed Alternative that precludes the panel doing

Item	Original	Alternative	Commentary on the defects in the original Issues Proforma and comparison with the Alternative Modification
			something quickly or missing out any stage that does not add value. There is as much effort and resource committed by the authority (or there should be) to assessing if a Modification is eligible for self governance as there is in actually approving it. It is not appropriate that the Authority does not approve all changes to the Code. Although not an impediment to change, such a change from the current arrangements would also need a licence change.
Have a fast track Mods route to speed up simple changes	Yes	Yes	In the Alternative this is included in the self-governance route, reducing the consultation requirement, but Ofgem will still have to approve it.
Have an urgent Mods process to address those that need quick action / change (subject to Ofgem agreement on urgency)	Yes	Yes	The Alternative does not seek Ofgem agreement on urgency.
Consumer groups representative on the Panel	Yes	Yes	
Consumer groups can also raise Mods, which must be considered on its merits	Yes	Yes	The current constitution and both alternatives already included this ability.
Principle of allowing non-licensed parties to raise Mods (by Ofgem designating them), which must be considered on its merits	Yes	Yes	This is now proposed in both alternatives.
Workgroup process includes mandatory consultation	Yes	No	Similar provisions in the alternative, but not as prescriptive and not mandating a workgroup consultation. In practice for complex issues, the progress of a modification will naturally include a consultation at WG stage, and probably a further consultation once the response of the first consultation have been assimilated and before submission to the Authority.
Panel includes role of Panel Secretary	Yes	No	Secretary not needed as Code Administrator can perform all these admin functions. C&R paragraph 7.1 allows as many advisors to assist the CA as necessary.

Annex 8 – Workgroup Attendance Register

Key:

A: Attended; x: did not attend

Attendee	Role	Meeting 1 10/09/2014	Meeting 2 02/10/2014	Meeting 3 14/10/2014	Meeting 4 06/11/2014	Meeting 5 13/02/2015	Telecon 29/04/2015	Telecon 08/05/2015	Meeting 8 17/07/2015
Alex Thomason	Workgroup Chair	A	A	A	A	A	A	A	A
Emma Radley	Technical Secretary	A	A	A	A	A	X	X	X
Peter Bolitho	Workgroup Member	A	A	A	X	A	A	A	X
Garth Graham	Workgroup Member	A	A	A	A	A	A	A	A
Mike Kay	Workgroup Member	A	X	X	X	A	A	A	A
Richard Lowe	Workgroup Member	A	X	X	A	A	A	X	X
Guy Phillips	Workgroup Member	A	A	A	A	A	A	A	X
David Spillett	Workgroup Member	X	A	A	A	A	X	X	A
Rob Wilson	NGET Rep / Workgroup Member	A	X	A	A	A	A	A	A
Lesley Nugent	Authority representative	A	X	X	X	X	X	X	X
Lisa Charlesworth	Authority representative	X	A	A	A	A	X	X	X
Abid Sheikh	Authority representative	X	X	X	X	X	X	X	X
Andy Poppleton	NGET Legal	X	X	X	A	X	A	A	A
Franklin Rodrick	NGET Observer	A	X	X	X	X	X	X	X
John Martin	NGET Observer	X	X	X	X	X	X	X	A
Chrissie Brown	NGET Observer	X	A	X	X	X	X	X	X
Richard Woodward	NGET Observer	X	X	X	X	X	X	X	X