

## Grid Code Workgroup Consultation Response Proforma

### GC0086 Grid Code Open Governance

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **6 January 2014** to [Grid.Code@nationalgrid.com](mailto:Grid.Code@nationalgrid.com). Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

These responses will be considered by the Workgroup at their next meeting and will be included in the Final Report which is submitted to the Authority.

<b>Respondent:</b>	Mike Kay <a href="mailto:mike.kay@enwl.co.uk">mike.kay@enwl.co.uk</a>
<b>Company Name:</b>	Electricity North West
<b>Do you support the proposed implementation approach?</b>	No
<b>Do you believe that GC0086 better facilitates the appropriate Grid Code objectives?</b>	<p><i>For reference the applicable Grid Code objectives are:</i></p> <p><i>(i) to permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity;</i> Neutral</p> <p><i>(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);</i> Neutral</p> <p><i>(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</i> Neutral</p> <p><i>(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.</i></p>

	No. We believe this will add to NGET's costs (and other AEO's costs) without commensurate clear benefit.
<b>Specific Questions for GC0086:</b>	
<b>1. Do you consider the Grid Code should be subject to Open Governance as discussed in paragraphs 4.5-4.6?</b>	<p>No.</p> <p>It is telling that Ofgem's own Code Governance Review did not find material defect in the operation of the Grid Code. Whilst the Open Governance process seems to be a good fit for CUSC, it is not clear that the players in GCRP (and not all of those are as heavily involved in CUSC as the proposer of this modification) would benefit from the increased complexity and bureaucracy of open government.</p> <p>We acknowledge that GC0066 did seem to founder within the current GCRP, but we are not aware that this incident has been thoroughly assessed as to why it foundered. To jump straight to the open governance proposal based on this example could be seen as an overreaction. It is not clear that GC0063 and GC0077 do have material defects; certainly it is not clear that the "bone of contention" (ie Annex 4 of the workgroup consultation) is warranted, nor that in each case it cannot be satisfactorily dealt with under the current governance.</p>
<b>2. Do you believe that the time that the typical Workgroup has to assess and develop a Proposal and report back to the Panel should be 4 or 6 months as discussed in paragraph 4.9?</b>	<p>Clearly it is important for reasons of efficiency that workgroups proceed as quickly as possible. However progress can be limited by the resources that industry participants can bring to bear, and also by the need for fundamental research.</p> <p>The GCRP does have sufficient expertise and knowledge to assess these things, and has for some time been putting some expectations of timescale into working group terms of reference. We believe that this should continue. We do not object to having broad guidance that suggests that most working groups should conclude in four to six months, but we believe it should be set by the GCRP explicitly at the start of each working group.</p>
<b>3. Do you believe that the Authority should also be able to raise Modification Proposals where they consider it is necessary to comply with or implement the Regulations and/or any relevant legally</b>	We do not have a strong view on this. In general we would expect both NGET and the Panel to be responsive to the legitimate concerns of Ofgem and respond accordingly. Ultimately Ofgem (and the Secretary of State) have powers to compel any particular action. We do not believe there is necessarily any benefit in writing such

<p><b>binding decisions of the European Commission?</b></p>	<p>arrangements explicitly into the GCRP rules.</p>
<p><b>4. Of the four groups listed in paragraph 4.20, who do you believe should be able to raise a Grid Code Modification Proposal? Do you believe another group / type of party should also be able to raise a Grid Code Modification Proposal, and if so, why?</b></p>	<p>We remain concerned that the working group has not fully understood the need to represent small generators. The Grid Code sets hierarchical rules that apply to all small players and we believe this will not change substantially post the introduction of the EU Network Codes. Therefore small players must be specifically represented.</p> <p>In relation to the four groups in the consultation:</p> <ol style="list-style-type: none"> <li>1 AEOs include any and all parties with any source of energy connected to the GB network – so automatically includes small players (and domestic customers with PV for example)</li> <li>2 Citizens' Advice Bureaux are a Panel Member so should be able to raise modifications through NGET.</li> <li>3 Yes – on their own behalf or on behalf of any party who wishes an issue to be raised</li> <li>4 Yes if not covered by AEOs</li> </ol>
<p><b>5. Do you agree with the establishment of the Grid Code Advisory Forum (GCAF) as set out in paragraphs 4.28 – 4.35? If not, do you have a different approach and why?</b></p>	<p>If Open Governance is enacted then this might be appropriate. Our concerns relate to the overall efficiency of forums without decision making abilities. It is not always easy to find the resources to cover off all forums, and a virtue of the current arrangements is that limited resources by participants can be focussed on the current GCRP and its work groups.</p>
<p><b>6. Do you agree with the proposed voting membership of the GCRP set out in Figure 5? If not, what other composition would you prefer (such as Figure 4 or the GC0074 conclusions), and why?</b></p>	<p>We remain confused as to why TOs are represented. Are they there as appropriate independent experts, or as representatives of their interests? If the latter we do not understand this driver as we assumed that Grid Code issues would be discussed and resolved via the STC and any remaining relevant Grid Code issues that needed the attention of the Panel would be brought forward by NGET .</p> <p>We do not have a strong view on the voting composition, save to note that it appears to be dominated by Supply side interests. This is not necessarily different to the current position, but it is worth reconsidering if the interests of the demand</p>

	<p>side are fully represented, or if other parties (such as DNOs possibly) fulfil this by alignment of their interests with that of demand customers in GB.</p> <p>We also note that there is an error in Figs 4 and 5, repeated elsewhere in the text, in that DNO reps are elected by the DCRP's ITCG. They are not appointed by the ENA.</p>
<p><b>7. Do you agree with the proposed GCRP (i) nomination and (ii) voting / election process set out in paragraphs 4.52-4.57? If not, do you have a different approach, and why?</b></p>	<p>We would expect the interests of smaller players to be represented through trade associations. It is important that an effective voice is given to small players and/or their representatives.</p> <p>The consultation is not clear on some of this particularly 4.55 refers to Appendix 2... there are 7 Appendix 1s and 4 Appendix 2s and the Appendix 2 of Annex 3 titled "Role Overview..." does not seem to address the issues of 4.55.</p>
<p><b>8a Do you agree that an Independent Chair should be appointed to the GCRP as set out in paragraphs 4.60 - 4.65?</b></p> <p><b>8b How should a casting vote be dealt with for an Independent GCRP Chair?</b></p>	<p>No.</p> <p>This seems to add cost without any real benefit. The actions of the chair are open to scrutiny by the Panel. No defect has been identified in terms of independence of the chairman to date, so it is not clear why the additional cost is justified. It is highly unlikely that there would be any counterbalancing savings accruing to NGET.</p>
<p><b>9. Do you think there should be a phased or separate approach to introducing Self-Governance and Fast-Track as set out in paragraph 4.69?</b></p>	<p>Introduce both of these ASAP. They are both sensible and should be progressed independently of any other proposals on open governance.</p>
<p><b>10. Do you agree that the cost of Open Governance is likely to be broadly neutral as set out in paragraphs 4.73-4.77? If not, what do you believe the impact will be on costs, and why?</b></p>	<p>We can see pros and cons of open governance, but we remain worried that the complexity and bureaucracy attendant on it will drive some administration costs, or introduce new risks for smaller players (including DNOs). As in Q8 above we see that an independent chairman will increase NGET's costs.</p>
<p><b>11. Do you agree that there should be a specific NGET SO view set out in each Modification Report?</b></p>	<p>Yes – but only if there is a need to represent a specific SO view in relation to the issue in question. As the Panel should consider all views, and any report to the Authority should reflect all views, we do not see this as an issue.</p>
<p><b>12. Do you agree with the approach to legal text proposed in paragraphs 4.85 –</b></p>	<p>We believe that a simple transplant of the CUSC rules is an inappropriate starting point, although clearly a useful reference. We would like to see</p>

<p><b>4.89? If not, do you have a different approach, and why?</b></p>	<p>the new GCRP rules drafted from scratch and to be in plain English as far as possible.</p>
<p><b>13. Do you agree with the implementation approach set out in paragraphs 4.93-4.95? In particular do you agree that existing modifications currently progressing through the Grid Code change process, at the time that GC0086 may be implemented, would adapt to the new approach? If not do you have a different approach to implementation and if so, why?</b></p>	<p>No. It is not clear that any of the existing GCRP modifications would benefit from this. Each should be considered on its merits, but our presumption is that each can progress to conclusion on the terms and arrangements with which they were set up with.</p>
<p><b>Do you have any additional comments?</b></p>	<p>We continue to believe that this change is not necessarily in the interests of all players. We can see that for those players who are close to many of the issues in CUSC (including NGET) there is an attraction of more consistent process. However other players do find the bureaucracy, timings and complexity of CUSC not an aid to transparency.</p> <p>We note that there are one or two serious issues that could have been progressed better by the GCRP in the past. In at least one case we believe this resulted in an informal appeal to the Authority that put the process back on track. Our belief is that this was not a malicious or deliberate attempt by the Panel or its members to frustrate progress, but a collective omission to recognize the problem. Whilst we agree that the mechanisms of open governance would reduce the likelihood of this, the learning from the incident should be enough to avoid a repetition without the upheaval of changing to open governance.</p>