

Meeting Note

Meeting name	GC0086: Grid Code Open Governance
Meeting number	2
Date of meeting	2 October 2014
Time	10:00 – 15:00
Location	National Grid House, Warwick.

Attendees

Name	Initials	Company
Alex Thomason	AT	Code Administrator (Chair)
Emma Radley	ER	Code Administrator (Technical Secretary)
Chrissie Brown	CB	National Grid (Observer)
Guy Philips	GP	E.ON (Workgroup Member)
David Spillett	DS	ENA (Workgroup Member)
Peter Bolitho	PB	Waters Wye (Workgroup Member)
Garth Graham	GG	SSE (Workgroup Member)
Lisa Charlesworth	LC	Ofgem

Apologies

Name		Company
Rob Wilson	RW	National Grid (Workgroup Member)
Lesley Nugent	LN	Ofgem
Franklin Rodrick	FR	National Grid (Observer)
Richard Lowe	RL	SHET (Workgroup Member)
Mike Kay	MK	ENWL (Workgroup Member)

In addition to this Meeting note, please refer to the slides for the meeting which have been published to the Grid Code Workgroup webpage:

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

1 Introductions/Apologies for Absence

1. Introductions were made around the group.

2 Meeting Objectives

2. AT did a recap of the previous meeting and ran through the agenda for the meeting today and highlighted the key areas for discussion.
3. GG referred to some comments he made on the minutes from the first meeting and it was agreed to update the minutes with all the comments received and publish them on the website.

3 Workgroup Alternative Modifications

4. AT noted that in the previous meeting there had been discussions about using the CUSC model, namely having an unlimited number of Alternatives, but being mindful of efficiency. GG noted that there is wording in the CUSC to reflect efficiency in this regard to limit the number of Alternatives. GG used CMP213 (Project Transmit) as an example where having a number of options has been beneficial as it allows various permutations, such as those linked to the key elements of the Authority Direction with CMP213. PB 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 CMA. AT noted that at the moment there are no CMA appeal rights related to the Grid Code.

5. AT noted the opportunity for stakeholders to raise a WG Consultation Alternative request that currently exists in the CUSC and added that this is a formal process. 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 agreed to include this route as part of GC0086. PB 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.
6. AT talked about the right of the Chair of a Workgroup to take forward an Alternative if they believe it might better facilitate the Applicable Objectives, even if the majority of the Workgroup do not agree. GG noted that the Chair is not allowed to raise an Alternative themselves, but rather to take forward one that does not receive majority Workgroup support so it can be presented to the Panel and the Authority for recommendation / decision. PB considered the role of the Chair, noting that National Grid often holds this position. AT responded that the Chair is an impartial role and that it is discussed in the Panel meetings as to who may be the Chair and whether this is appropriate. PB asked if there is anything in the Licence about formally requiring the Code Administrator to act impartially. LC noted that there is a requirement in the CACOP for the Code Administrator to facilitate alternative solutions (Principle 7) and that there could be a small sub-set of parties that have specific requirements or potential solutions and it is important that they have a route. PB felt that there would be value in having wording to say that the Chair needs to act impartially from their employer. The group all agreed with this suggestion.

4 GCRP Membership and the creation of a Panel Recommendation Vote

7. AT recapped what GC0074 (GCRP Membership) had covered and where the discussions had got to, namely that if the current practice for the Alternate to attend Panel meetings as well as the Member is removed, then instead the number of generator representatives should be doubled. AT also talked about the discussions and views that had been collected regarding the GCRP election process. GG advised that he is fully supportive 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. PB noted that the Panel'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 Panel. GP agreed with these comments but noted that currently the Panel has an advisory role as well with regard to more general matters. GG 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. GP felt that the Grid Code Issues Group mentioned previously could take this role, to ensure that this area of business gets covered in some way. GP added that we need to be clear about how to address this aspect and an avenue is needed for advisory matter, as well as a pre-modification forum. GG noted that something similar to TCMF (Transmission Charging Methodologies Forum) could be formed, such as a Grid Code Advisory Forum (GCAF).
8. AT talked through the slide on current representation in the Grid Code. GG questioned the right for the externally connected System Operators to have a seat and voting right on the (GB) GCRP as the (GB) SO does not have a role in the equivalent overseas codes(s) / panel(s). PB noted that the Grid Code does not tend to vote. GG agreed that the GCRP tends to operate more by consensus, but that there maybe downsides to this as this can lead to solutions which achieve 'consensus' rather than solutions which are best. AT advised that the right exists, but because only National Grid can raise Grid Code Modifications, it tends to be a more informal agreement. GP agreed that it is a consensus rather than 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. AT suggested that the Panel could have a role of prioritisation and then it may self-regulate. If a shorter timescale is determined upfront, it sets the expectations.

9. GP suggested a proposal for GCRP Membership:

Non-Voting

Chair (casting vote only) x 1
Code Administrator x 1
Ofgem x 1
Panel Secretary x 1
BSC Panel x 1

Voting

National Grid x 1
E&W DNO x 1
Scottish DNO x 1,
Supplier Representative x 1
Relevant Transmission Licensee x 1(i.e. OFTO, Scottish TO)
Generator x 3.

10. GG suggested having a Consumer Representative; appointed (as with the CUSC) jointly by Citizens Advice and Citizens Advice Scotland; who can vote. GG 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. GG noted that this is an option, not a requirement, for the Authority to appoint someone. AT asked if the Authority would want this right. LC said it depends on whether there is an Independent Chair; if they are independent then that role could be given to them rather than the Authority. LC commented that it should be recognised that the Consumer representative seat may remain empty.
11. 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. GP considered the Relevant Transmission Licensee seat and that it has to represent the entire class (OFTOs, Interconnectors, Scottish TO). GG 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. PB 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 has to be elected. The group noted that the Chair, Consumer representative and the seat for 'other' are also appointed.
12. The group considered the issue of a casting vote for the Panel Chair. PB advised that 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 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. AT queried whether there is any point in having a casting vote. GG suggested copying the wording in the UNC if it exists. LC wondered whether restraining the Chair to stick to the status quo is appropriate. LC felt that at least where the Chair is independent; they can use their expertise and knowledge from the discussions to make a fair and balanced decision. AT queried how it would work if National Grid retained the Chair. PB and GG felt that they would be more comfortable for only an independent chair to have a casting vote. If they are National Grid, it would be putting them in an unfair position. Then, where there is a split vote, the status quo prevails, as the case hasn't been made for a change. Everyone agreed with this approach.
13. PB referred back the discussion on the Relevant Transmission Licensee seat and advised that he was comfortable for them to have a seat but is not sure about a vote. GP suggested asking a question in the consultation. GG also 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.

Action – Ask a consultation question on whether it is appropriate for a Relevant Transmission Licensee representative to be able to vote in the GCRP.

14. PB questioned why, in respect of DNOs, England and Wales and Scotland are split as they are representing the distribution network community as a whole. If they are appointed they can agree between themselves which is best to ensure full representation. GP felt that in practice, we need to think about the voltage and process differences. PB suggested that it could be for the ENA to decide how those seats on the GRCP are filled. GP agreed, and the rest of the

group were happy with their being 2 DNO representatives on the GCRP for the whole of GB which are appointed by the ENA.

15. PB noted another example about the potential to hold the balance of power in Panel meetings.

Action - Check the UNC Chair voting process.

16. To reflect the changes following discussions above, a list of voting and non-voting members as agreed by the Workgroup is as follows:

Non-Voting

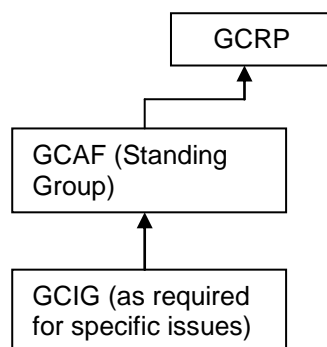
Chair (Casting Vote only if independent, no vote if National Grid Chair) x 1
Code Administrator x 1
Ofgem x 1
Panel Secretary x 1
BSC Panel x 1

Voting

National Grid Electricity Transmission x 1 (Appointed)
DNO x 2, (Appointed by ENA)
Supplier Representative x 1 (Elected)
Relevant Transmission Licensee x 1 (i.e. OFTO, Scottish TO) (Elected)
Generator x 3 (Elected)
Consumer x 1 (Appointed by Citizens Advice and Citizens Advice Scotland)
Other x 1 (Appointed by Chair or Authority)

17. DS made the observation that there were effectively 25 votes on the slide depicting the current GCRP representation and that with what was now being proposed this was to be reduced to 10 votes. DS suggested making reference to the earlier GC0074 conclusions in the GC0086 consultation to allow for a comparison between the GC0074 conclusions and the views of the GC0086 Workgroup, and that it is important to explain the thinking behind the proposed changes to the Panel constitution. AT agreed that this is a fundamental change (representation) and that is partly because the role of the Panel is changing into a decision making body. DS asked about the role of the proposed Grid Code Issues Group (GCIG) in order to see where the seats / discussions from the GCRP might move to. GG suggested that the Chair of the suggested GCAF could sit on the Grid Code. Therefore there would be a clear route in for technical issues (raised at the GCAF) to be discussed at the GCRP. PB felt that this was a worthy idea. PB added that under the BSC, the expertise sits in the Workgroup. The group agreed that the background to the issue will need to be explained thoroughly as changing the Panel constitution is a major change and may receive mixed views. GP made the point that the conclusions from GC0074 were not in the context of open governance and if it is introduced, this will need to be revisited. GG felt that the proposed Grid Code Issues Group (GCIG) is separate to the GCRP and the Chair of GCIG would not have a role on the GCRP, - unless it were the advisory body.
18. GP noted that part of the problem with Two Shift Limits as highlighted in the previous group meeting, was that it didn't really have a place / home to sit. GP suggested taking the current list of Grid Code issues and see where they sit. PB asked if the GCIG and GCAF are one and the same. AT suggested that they could run back to back. GP advised that he sees the GCAF being the standing group and GCIG would be adhoc from time to time. DS considered that the GCAF would report into GCRP and GCIG reports into GCAF. The group felt this was a pragmatic approach. AT asked whether the GCAF becomes what the Panel is now. GP felt that it does not and that there are other workshops that have been held before they have become more formalised. (i.e. SSR, Constant Terminal Voltage). GP advised that on occasions the Panel suggest that a workshop is required in order to get to the bottom of what the issue is. GCAF would be a forum where the subject matter experts attend. It was agreed that it is for the Grid Code Panel to agree the Terms of Reference for such a group and not for this Workgroup to decide the details. GG suggested that the Chair of the GCAF would be appointed by GCRP and would have a non-voting position on the GCRP and that GCAF would be an open forum (like TCMF in the CUSC). The group agreed with this approach to ensure a clear linkage between the GCAF and GCRP.

19. 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. LC suggested reviewing this after the conclusions of GC0086. GP noted that crucially, other parties have got a route in to air their views before it gets into the modification process via the GCAF. GG noted that the use of teleconferences to hold short GCRP meetings in the intervening month(s) to progress modifications from the Workgroup conclusions phase to the Code Administrator phase would be beneficial.
20. GC0086 proposed structure for GCRP and related groups:



21. AT moved on to looking at the GC0086 Terms of Reference and considered the point regarding associated costs with creating an issues forum. The group felt this would be minimal. GG 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.
22. DS raised the issue regarding the Alternate positions on the GCRP. ER explained how it works in the CUSC, namely that there are up to 5 Alternate Panel member seats available at every election; i.e. seven elected members and up to 5 Alternates; 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. GG 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. PB noted the approach on the UNC and that anyone can be nominated.
23. DS went back to the issue of GCRP membership and commented that he felt that the three elected generators members need to be categorised, i.e. large, medium, small. GG queried what the definition of small, medium and large is, and as another option suggested having classes of parties. PB liked the idea of it being more flexible and designing the election process so that it is not dominated by one group. GG considered that if you go down a constituency route, there are a number of parties that can be part of any constituency, but for this process they should be required to specify the single generation constituency they wished to (i) nominate and (ii) vote in. However it was noted that someone would have to administer this. GP commented that as part of GC0074, the discussions had concluded that it would be best to look at a candidates CV to see their expertise and knowledge. PB believes that this describes the BSC model, in that a CV is put forward and an election takes place which ensures that one group of party cannot take over the voting. AT referred to the candidate statement in the straw man proposal. GG had a comment that the reference to the constitutional rules would change as it would be hard wired into the Grid Code. DS raised a concern about small parties being left out. GP agreed but also noted that ideally we do not want wind farms etc. to be left out, but there has to be some cut off. GG asked what happens if a space is reserved for a small party and they do not turn up because they feel it does not apply to them, and then effectively we only have two generator representatives on the Panel. GP suggested that there could be someone from Energy UK or Renewable UK, and the votes go in their favour because of their broad representation. LC highlighted that this will be a consultation question anyway. GG added that we should rationalise on the four European generator bands (A, B, C and D) for future proofing based on those parties bound by the Grid Code.

Action – ask a consultation question on how the generator seats should be classified, bearing in mind, for example with the potential implementation of European bands.

24. AT wondered whether having constituencies and being impartial seems to clash. GG felt that impartiality should apply to everyone that is appointed. AT explained that in the GCRP currently, the members represent their group. PB considered that you do not need impartiality as the checks and balances are in place. Overall, everyone agreed that it should be impartial of the representatives own company / organisation.

5 GCRP Elections

25. AT talked about the discussions on elections in the GC0074 workshops. GG noted the timings of other industry code Panel elections. The BSC and CUSC elections are held on alternate summers and GG suggested an autumn GCRP election in time for 1st January appointment to the Panel, with elections held every 2 years. AT noted that the Panel talked about rolling over the current GCRP membership until this GC0086 proposal concluded at their meeting in September 2015. The group talked about possible options and timings, assuming an election for the new Panel (if GC0086 approved) is for a January 2016 start. PB commented that the outcome of GC0086 can't be pre-judged and therefore it is not appropriate to roll over the 2015 GCRP elections because GC0086 may be implemented in the following year. LC agreed with PB that the current GCRP membership should not roll over because the implementation timings for GC0086 (if approved) would be unlikely to see a new Panel forming before late 2015.
26. AT moved on to looking at how it is decided who can be nominated for the GCRP election and who can vote in the nominations. LC highlighted that the list that Ofgem has, is only licensed participants and does not have exempt generators on it. GG felt that it is one and the same – whoever can nominate a person to be elected to the GCRP, can vote in the election of that person. GP highlighted previous discussions around who the Grid Code applies to, noting the definition of Authorised Electricity Operator. AT noted the CUSC process, using CUSC Schedule 1 and that the usual process is that an email is circulated to highlighted the elections, and then every registered party gets an allocated paper and number, receives a paper with the possible candidates on and votes. GP felt 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 England and Wales and Scotland. GG felt that it needs to be based on data that is published, and the 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.
27. DS noted that requirements under the Transparency Regulation for DNOs to provide data to National Grid on their connected customers has just been implemented (GC0083). It was suggested that anyone that cannot be captured because they are small, could allow the Authority to designate. GP suggested using Trade Associations to publicise the nomination / election process (SRF, Energy UK, Renewable UK, CHPA etc). DS suggested that a distribution list could be captured through GC0035. PB clarified that in the first instance, the CUSC Schedule 1 list is used and adhoc parties that are materially affected (to be designated by the Authority) could be added to this list in respect of the GCRP.

Action: Look at information in Volume 5 of GC0035 regarding a potential distribution list.

28. The group looked again at the Candidate Statement within the straw man proposal and it was noted that the last paragraph regarding Registered Capacity should be re-worded.

Action: Re-word registered capacity sentence in Candidate Statement contained within Straw man proposal.

29. The group then moved on to looking at Appendix 2 in the Straw-man – Role Overview for GCRP Members and Alternate Members. GG felt 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. GP 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.
30. 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. PB noted 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 process. GP noted that it is a much smaller pool for relevant transmission licensees. DS highlighted that there is an OFTO forum at the ENA.

31. AT referred to the definition of the Panel Recommendation Vote as in the CUSC and the group agreed that this is sensible for the Grid Code. AT listed the Grid Code Objectives for information.

7 Next Steps

32. The next meeting is scheduled for 14 October 2014. AT ran through what is left to cover in the Terms of Reference, including appeal rights. LC commented that it falls outside the remit of the GC0086 group. GG noted that the only party that can make a Recommendation is the Panel in the Final Modification Report. AT asked who we tell in Parliament about this. GG responded that there is no need to alert them yet, only if GC0086 is approved, then we may write to DECC to ask them to include 'Grid Code' in the relevant Statutory Instrument.
33. LC noted that if licence modifications are required, the licence modification process needed to implement GC0086 can take around 6 months so it could impact on the timetable. LC continued that as open governance was suggested by Ofgem previously, (under their Code Governance Review Phase 2 Proposals), there is an initial draft of licence changes that Ofgem considered may be required to implement open governance. LC explained that licence changes typically involve an informal consultation first, and then a statutory consultation, followed by a 56 day implementation period which takes at least around 6 months and it is not likely to be done in less. GG noted that if the Authority is making a decision in August 2015, Ofgem's 6 month timetable is January 2016. GP noted that the GC0086 timetable may be brought forward depending on progress. GG added that if an election process is held later than January (such as April), then it can be made clear that the positions are for a shorter period (21 months) this time, and that the full 2 year membership will start after the next elections in January, in the appropriate year.