

## Grid Code Workgroup Consultation

# GC0131 ‘Quick Win’ Improvements to Grid Code open governance arrangements

**Overview:** In advance of any outcome of the Energy Codes Review, this modification seeks to make minor ‘quick win’ changes to the Governance Rules.

### Modification process & timetable




Have 5 minutes? Read our [Executive summary](#)

Have 20 minutes? Read the full [Workgroup Consultation](#) document

Have 30 minutes? Read the full Workgroup Consultation document and annexes

**Status summary:** Workgroup Consultation. The Workgroup are seeking your views on the work completed to date to form the final solution(s) to the issue raised

<b>This modification is expected to have a: <span style="color: orange;">medium impact</span></b>	All parties subject to the Grid Code	
<b>Governance route</b>	This modification will be assessed by a Workgroup and Ofgem will make the decision on whether it should be implemented	
<b>Who can I talk to about the change?</b>	<p><b>Proposer:</b> Rob Wilson, National Grid ESO</p> <p><a href="mailto:Robert.Wilson2@nationalgrideso.com">Robert.Wilson2@nationalgrideso.com</a></p> <p>Phone: 07799 656402</p>	 <p><b>Code Administrator Chair:</b> Nisar Ahmed</p> <p><a href="mailto:Nisar.Ahmed@nationalgrideso.com">Nisar.Ahmed@nationalgrideso.com</a></p> <p>Phone: 07773 043068</p>
<b>How do I respond?</b>	Send your response proforma to <a href="mailto:grid.code@nationalgrideso.com">grid.code@nationalgrideso.com</a> by <b>5pm on 29 April 2020</b>	

## Executive Summary

Since the implementation of open governance arrangements into the Grid Code in February 2017 working with the new processes has highlighted that improvements could be made to the smooth and efficient running of workgroups, and the progression of changes to the code making the best use of industry time.

In advance of any outcome of the Energy Codes Review, this modification seeks to make minor 'quick win' changes to the Governance Rules to implement improvements.

## What is the issue?

Since the implementation of open governance arrangements into the Grid Code, the experience of working with the new open governance processes has helped to identify a number of areas where specific improvements could be made to the existing arrangements. These currently impact the smooth and efficient running of workgroups, and the swift progression of changes to the code, making the best use of industry time.

These changes will enable a better use of limited industry resources and will also enable the smoother and more effective progression of code modifications.

## What is the solution and when will it come into effect?

### Proposers solution and implementation date:

The areas being addressed in this modification are as follows:

- Initial assessment of proposals
- Quoracy
- Assessment of alternatives
- Titles and summaries of proposals
- Role of the Code Administrator Consultation
- Production of draft legal text, which is provided as an Annex to this form.

Legal text to embody these changes is included as an annex and would apply to all new and in-progress modifications following approval.

Please note that another 'in progress' modification – GC0132 'Updating the Grid Code governance process to ensure we capture EBGL change process for Article 18 Terms and Conditions (T&Cs)' will cause some changes to the baseline text used and will require updates to be made to the GC0131 solution, including any transitional arrangements, although there is no overlap in objectives.

## What is the impact if this change is made?

### Who will it impact?

All parties subject to the Grid Code will be impacted by this modification proposal in a positive way as it will save time and allow more appropriate modifications to the code to be progressed in a timelier manner.

## Workgroup Consultation Introduction

This document is the **GC0131 Workgroup's Consultation**. This document outlines;

- **What is the issue?**
- **What is the solution?**
  - Proposer's solution
  - Workgroup considerations
  - Other potential solutions
  - Draft legal text
- **What is the impact of this change?**
- **When will the change taken place?**
- **How to respond**
- **Acronym table and reference material**

The Workgroup is seeking views on the proposed change and what has worked on so far. The questions it is seeking answers on are embedded within the document and outlined in the [How to respond](#) section.

## What is the issue?

### What is the issue?

Since the implementation of open governance arrangements into the Grid Code in modification [GC0086 'open governance'](#), the experience of working with the new open governance processes has helped to identify a number of areas where specific improvements could be made to the existing arrangements. These currently impact the smooth and efficient running of workgroups, and the swift progression of changes to the code making the best use of industry time.

### Why is it an issue?

It has become apparent through working with the governance processes that certain further improvements could be made

These improvements will help to ensure that the Grid Code Review Panel and workgroups are able to respond as quickly as possible to drivers for change and can make the best use of industry resources.

These improvements are broadly in line with the objectives of the [Ofgem Energy Codes Review](#), which is being undertaken by the Department for Business, Energy and Industrial Strategy (BEIS) and Ofgem. This is in response to feedback from many stakeholders in industry, who are critical of the existing system of codes and code governance (note also the publication by National Grid ESO of a [thought piece](#) on this). There is a growing consensus that action is necessary in order to create a regulatory framework capable of delivering transformative change. While Ofgem consulted on potential changes to arrangements over summer 2019, the minor changes set out in this modification proposal are felt to be in line with the direction of travel established in the tone of their work, and to be worth pursuing now ahead of any further conclusions as they are in the view of the Proposer quick wins and no regrets in nature and could be achieved ahead of any more comprehensive changes.

## What is the solution?

**Proposer's solution:** Areas that this Grid Code Modification Proposal plans to address are as follows:

### Initial assessment of proposals

On occasion proposals are raised where it is unclear at the outset what the issue actually is, what the solution might be, or which parties could be impacted. It is proposed to add a further option in Governance Rule GR.19.2 to clarify that the Panel, in their assessment of a proposal can choose to form a workgroup specifically to produce an initial assessment of a proposal then report back to the Panel. This would be in addition to their decisions on a modification's governance route and whether to form a workgroup to progress the proposal or to send it straight to the Code Administrator Consultation.

After this initial assessment report is made, the Panel may make a more informed decision on the way forward from the existing options but may also invite the proposer to either clarify their proposal or withdraw it. To be clear however, in keeping with the principles of open governance, the proposer may choose to reject any advice from the Panel and proceed without any amendment to their proposal. However, the principle of this change is to try to assist proposers in developing more competent proposals that ultimately stand more chance of success and to make better use of industry time.

This builds on the considerations in the [GC0124 'Critical Friend'](#) modification, approved by the Panel in May 2019, which adds a week to the lead time for submission of new modification proposals to allow the Code Administrator to work with the proposer, to help ensure that the modification proposal is clear and that all potentially impacted parties have been identified.

### Quoracy

The current quoracy arrangements in the Governance Rules (GR.20.3) are that a workgroup and any workgroup meeting will only be considered quorate with five members (including the mandatory National Grid ESO workgroup member and in addition to the chair and any administration support). This has been a frequent barrier to progress, as all workgroups are tending to draw from the same limited pool of regular participants. Where a modification proposal is of interest to only a small subset of users, or is perceived as being a lower priority, quoracy is a particular problem and has prevented the timely development of modification proposals. Some flexibility in these arrangements is required to balance the need for participation from a representative cross-section of industry, with the need to be able to progress modifications in a timely manner.

### Workgroup meeting quoracy

Where a specific workgroup meeting itself is not quorate (typically due to a late change in the availability of one or more members) it is proposed to clarify that attendance may be by phone (often currently the case), by participation in a webinar or video conference. Where a member is unable to attend by any means, they may send a substitute as long as the Code Administrator is informed of this. It should also be clarified that as a workgroup is not limited to only progressing through physical meetings; it may develop a proposal through the use of webinars, video conferencing or by email circulation.

Where a workgroup meeting is still not quorate despite all efforts, it is proposed that the remaining parties may still meet as a workgroup to progress their work, if this is circulated

to the full workgroup subsequently and the non-attending member(s) do not object to this. However, they would not be able to undertake any official workgroup actions such as the approval of reports or voting unless non-attending members gave their permission and also communicated their voting intent.

## **Workgroup membership quoracy**

Where all efforts by the Code Administrator to establish quoracy in the membership of a workgroup are to no avail, this should not be a barrier to progressing the modification. An option, with the assent of the Panel, should be that a workgroup can be formed with less than the membership required for quoracy, but that in this case further checks and balances need to be in place as per the below.

Following discussion, the workgroup agreed that a lower level of participation in a non-quorate workgroup of three parties, including the mandatory National Grid ESO workgroup member, could be allowed with appropriate checks in place, including that these parties should not be from affiliated companies or concerns.

The checks and balances should include, in addition to all standard workgroup obligations, that a non-quorate workgroup being permitted to continue should:

- Always comprise a minimum of three parties including the National Grid ESO member, provided that they are not from affiliated companies or concerns.
- Always hold a workgroup consultation in addition to the mandatory Code Administrator Consultation.
- Prior to the workgroup consultation, circulate a draft of this to the Panel for comment and approval.
- As part of the workgroup consultation, the Code Administrator should again formally seek workgroup nominations and then seek further advice from the Panel on how to proceed if quoracy is again not reached.
- If quoracy is still not reached, and the Panel advises the non-quorate workgroup to continue, then following the workgroup vote on whether their terms of reference have been fulfilled, and before submission of the final workgroup report to the Panel, a draft of the final report must be circulated to all stakeholders on the Grid Code mailing list for comment.

There is an acknowledged risk in the development of a proposal by a non-quorate workgroup that it increases the potential for late comments by parties that are not involved. The Code Administrator should, in any communications during the process, highlight that further members are welcome to join a workgroup at any point.

Following feedback, a further protection has been added which is to allow Ofgem the right to veto a non-quorate workgroup from progressing, to require a further review by the Panel, or to require the Code Administrator to make further efforts to achieve quoracy.

## **Assessment of alternatives**

Governance Rule GR.20.15 allows for a workgroup to assess a potential alternative to a modification proposal identified within the workgroup phase against the Grid Code objectives. If it is judged by a majority of the workgroup, or the Chair, to be better than the baseline then it gets developed. To ensure a better use of time and resources it is proposed

to change this to be an assessment of whether the alternative is better than the original proposal (which is the treatment used in the BSC), in which case it will then be progressed.

The provisions for alternatives are set out in the [Transmission Standard Licence Conditions](#) for the Grid Code (C14) as presented below:

*C14.2A. The licensee shall establish and operate procedures for the modification of the Grid Code (including procedures for modification of the modification procedures themselves), so as to better facilitate achievement of the applicable Grid Code objectives, which procedures shall provide:*

*(v) for the development and consideration of any alternative modification which may, as compared with the proposed modification, better facilitate achieving the applicable Grid Code objective(s) provided that:*

*- the alternative proposal is made as described in the Code of Practice and as further specified in the Grid Code; and*

*- unless an extension of time has been approved by the panel and not objected to by the Authority after receiving notice, any workgroup stage shall last for a maximum period (as specified in the Grid Code) from the date on which the original modification was proposed,*

Very similar provisions are made in the licence conditions covering the BSC (C3). The BSC takes the interpretation that the assessment of an alternative proposal is against the original proposal and not the baseline as in this extract from the BSC section F:

*2.6.4 The Workgroup shall:*

*(a) evaluate the Modification Proposal for the purpose set out in paragraph 2.6.2;*

*(b) where appropriate, develop an alternative proposed modification (the "Alternative Modification") which, as compared with the Proposed Modification, would better facilitate achievement of the Applicable BSC Objective(s);*

Making this change would therefore also achieve consistency with the BSC and would appear to be more legally correct.

## **Titles and Summaries of Proposals**

Once a proposal has been received, the Panel Secretary allocates it a number and enters its details on the code modification register. An amendment to Governance Rule GR.15.7 is proposed to allow the Panel Secretary to amend the title or summary of the proposal to better reflect its content or intent and to aid in the gaining of members for a workgroup. This would normally be undertaken in agreement with the Proposer but would be subject to approval by the Panel where agreement could not be achieved.

## **Role of the Code Administrator Consultation**

The Code Administrator Consultation is mandatory for all modifications whether or not a workgroup had been established and whether or not a workgroup consultation had been held. The intention of the Code Administrator Consultation is not to solicit further comments on the solution but to check that the governance process has been correctly followed, that all stakeholders are aware of the proposed change, that impacts have been fully understood, and that their input has been sought where necessary. Detailed comments related to the solution itself are not generally sought as they should either have been dealt with during the workgroup development and consultation (including completion and sign-

off of the workgroup report by both the workgroup and the Panel), or, if a workgroup had not been formed, they should have been dealt with because the solution was agreed to be fully developed and was felt by the Panel to not need further scrutiny.

Encouraging stakeholders to engage earlier in the process can't easily be codified. However, one area of clarification is that there needs to be a route to consider changes to the solution where these are identified in the Code Administrator Consultation, or Panel discussions where a workgroup had not been formed. A new clause has been proposed in Governance Rule GR.22.4(iii) to allow the Code Administrator, working in conjunction with the Proposer, to consider any changes required in such a situation and develop an appropriate solution before rerunning the Code Administrator Consultation where necessary and seeking Panel approval in the form of their recommendation vote.

It is also proposed to allow the Panel to specify that a workgroup should be formed where one did not exist previously to consider the solution and any changes that might be required before rerunning the Code Administrator Consultation. It is envisaged that this could be required where a proposal that seemed straightforward and fully developed turns out not to be.

## Production of Draft Legal Text

There is a requirement for clarity in the responsibilities for the production of legal text to support a modification proposal or alternative.

Under open governance, the proposer of a modification or alternative should own their solution (although this may be developed through a workgroup) and may wish to draft the legal text to enable this. However, the drafting of competent legal text can be far from trivial given the acknowledged complexities of the Grid Code. As such it is appropriate that the Code Administrator, acting on behalf of National Grid ESO, (which as the licensee owns the legal text of the Grid Code), should have ultimate responsibility for changes to the text.

Legal text cannot sensibly be produced until a sufficiently detailed solution is produced by the proposer and/or workgroup to enable this. The ideal time for the production of legal text is once a solution is finalised and complete and no further workgroup development is thought to be required. This would usually be before running a workgroup consultation.

An additional clause GR.15.11(d) has been included to outline this responsibility and indicate the requirement for the legal text to be based on a completed solution (sometimes expressed as 'business rules' to enable the solution) but generally as early as possible, as the legal text provides clarity to code users about the proposed change.

## Workgroup Considerations

The Workgroup convened twice, once in December 2019 and once in January 2020 to discuss the perceived issue, detail the scope of the proposed defect, devise potential solutions and assess the proposal in terms of the Applicable Grid Code Objectives.

**Draft Legal text**

Legal Text changes are being made to the baseline text used for GC0131 in another in progress modification – GC0132 ‘Updating the Grid Code governance process to ensure we capture EBGL change process for Article 18 Terms and Conditions (T&Cs)’; once these changes have been implemented the legal text for GC0131 will require updating to reflect the amended baseline, although there is no overlap in terms of the defects that both modifications seek to address.

The draft legal text for this change can be found in Annex 3 - Grid Code Governance Rules I5R37\_GC0131.

**What is the impact of this change?****Who will it impact?**

All parties subject to the Grid Code will be impacted by this modification proposal in a positive way, as it will save time and allow more appropriate modifications to the code to be progressed in a timelier manner.

The changes proposed are only to the Governance Rules section of the Grid Code; as the changes to this implemented through the Open governance arrangements were drawn from the CUSC section 8, the changes proposed in this modification should also be shared with the CUSC panel for their consideration.

As identified elsewhere in this document, there is an overlap with the Ofgem Energy Codes Review work. However, the changes proposed here are relatively minor improvements and can be undertaken in advance of any more comprehensive changes that result from this.

**What are the positive impacts?**

In improving the efficiency and quality of the code modification process, this proposal will save industry time and allow changes to the code to be addressed in a timelier manner. This will ultimately save consumers money and will ensure that the limited industry resources in this area can work on the genuinely highest priority issues. By allowing better use of time it will also mitigate a perceived barrier to participation, particularly from smaller parties.

**Proposer’s Assessment against Grid Code Objectives**

Impact of the modification on the Code objectives:	
Relevant Objective	Identified impact
(a) To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity	Positive
(b) Facilitating effective 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);	Positive



(c) 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;	Positive
(d) 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; and	Positive
(e) To promote efficiency in the implementation and administration of the Grid Code arrangements	Positive

**Standard Workgroup Consultation question: Do you believe that GC0131 Original proposal better facilitates the Applicable Grid Code Objectives?**

In improving the efficiency of code modification arrangements this modification directly improves objectives (d) and (e). It should also have a positive impact against objectives (a) – (c) in facilitating quicker and more appropriate changes to the code.

### When will this change take place?

It is proposed that standard implementation timescales for this modification are employed meaning decision date + 10 working days after an Authority (Ofgem) decision or as otherwise directed.

The changes made in this modification should apply to any new modifications and any existing modification in progress.

No significant costs are expected in implementation. In applying this modification to any work in progress efficiencies will begin to be achieved immediately.

## How to respond

The GC0131 Workgroup is seeking the views of Grid Code Users and other interested parties in relation to the issues noted in this document and specifically in response to the questions highlighted in the report and summarised below:

### Standard Workgroup Consultation questions:

1. Do you believe that GC0131 Original proposal better facilitates the Applicable Grid Code Objectives?
2. Do you support the proposed implementation approach?
3. Do you have any other comments?
4. Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?

Please send your response to [grid.code@nationalgrideso.com](mailto:grid.code@nationalgrideso.com) using the response proforma which can be found on the National Grid website via the following link:

<https://www.nationalgrideso.com/codes/grid-code/modifications/gc0131-quick-win-improvements-grid-code-open-governance-arrangements>

In accordance with Governance Rules Section 20.13 of the Grid Code, any Authorised Electricity Operator; the Citizens Advice or the Citizens Advice Scotland or a Materially Affected Party may (subject to GR.20.17) raise a Workgroup Consultation Alternative Request. If you wish to raise such a request, please use the relevant form available via the link below:

<https://www.nationalgrideso.com/industry-information/codes/grid-code/guidance-documents>

Views are invited upon the proposals outlined in this report, which should be received by **5pm** on Wednesday **29 April 2020**. Your formal responses must be emailed to:

[grid.code@nationalgrideso.com](mailto:grid.code@nationalgrideso.com)

*If you wish to submit a confidential response, please note that information provided in response to this consultation will be published on National Grid ESO's website unless the response is clearly marked "Private & Confidential", we will contact you to establish the extent of the confidentiality. A response marked "Private & Confidential" will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Grid Code Modifications Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response. Please note an automatic confidentiality disclaimer generated by your IT System will not in itself, mean that your response is treated as if it had been marked "Private and Confidential".*

**Acronym table and reference material**

Acronym	Meaning
BEIS	Business, Energy and Industrial Strategy
BSC	Balancing Settlement Code
EGBL	European Balancing Guidelines
GR	Governance Rules
SCR	Significant Code Review
T&Cs	Terms and Conditions

**Annexes**

Annex	Information
Annex 1	Proposal form
Annex 2	Terms of Reference
Annex 3	Grid Code Governance Rules I5R37_GC0131

All annexes can be found at the following link;

<https://www.nationalgrideso.com/codes/grid-code/modifications/gc0131-quick-win-improvements-grid-code-open-governance-arrangements>