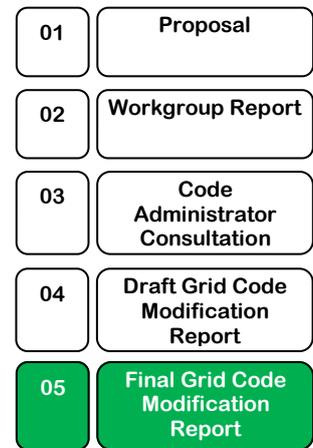


GC0132

Mod Title: Updating the Grid Code governance process to ensure we capture EBGL change process for Article 18 Terms and Conditions (T&Cs)



Purpose of Modification: To ensure that the governance process for making future changes to the European Balancing Guidelines (EBGL) Article 18 (A18) Terms and Conditions (“T&Cs”) that are found in the Grid Code incorporates the amendment process as laid out in EBGL Article 6 (A6) and Article 10 (A10).

 This Final Modification Report has been prepared in accordance with the terms of the Grid Code. An electronic version of this document and all other GC0132 related documentation can be found on the National Grid ESO website via the following link: <https://www.nationalgrideso.com/industry-information/codes/grid-code/modifications/gc0132-updating-grid-code-governance-process>

 At the Grid Code Review Panel meeting on 22 April 2020, the Panel members agreed by majority that WAGCM1 was better than the baseline and recommended that it should be implemented.

The purpose of this document is to assist the Authority in making its determination on whether to implement GC0132.

 **High Impact:** N/A

 **Medium Impact** N/A

 **Low Impact** Code Governance team at National Grid ESO; industry parties raising Modifications. WAGCM2 and WAGCM3 would have a low impact on the Grid Code Review Panel as the solution requires a delegation from the TSO (National Grid ESO) to the GCRP

 **The Workgroup concludes:**
The Workgroup concluded that all solutions (Original Proposal, WAGCM1, WAGCM2 and WAGCM3) better facilitate the Grid Code objectives. The Workgroup members agreed by majority that the best solution is WAGCM1.

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Timetable	
Presented to Panel	26 September 2019
Initial consideration by Workgroup	10 December 2019
Workgroup Report presented to Panel	27 February 2020
Code Administrator Consultation Report issued to the Industry	17 March 2020
Draft Final Modification Report presented to Panel	14 April 2020
Modification Panel decision	22 April 2020
Final Modification Report issued to the Authority	7 May 2020
Decision implemented in Grid Code	25 June 2020

 **Any questions?**

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1 About this document

This document is the Final Grid Code Modification Report document that contains the discussion of the Workgroup which formed in November 2019 to develop and assess the proposal and the voting of the Workgroup held on 16 January 2020.

This document also contains the two responses received to the Code Administrator Consultation which closed on 07 April 2020.

The Panel reviewed the Workgroup Report at their Grid Code Panel meeting on 27 February 2020 and agreed that the Workgroup had met its Terms of Reference and that the Workgroup could be discharged.

GC0132 was proposed by National Grid ESO and was submitted to the Code Panel Modifications Panel for its consideration on 26 September 2019. The Panel decided to send the Proposal to a Workgroup to be developed and assessed against the Code Panel Applicable Objectives.

GC0132 aims to ensure that the governance process for making future changes to the European Balancing Guidelines (EBGL) Article 18 (A18) Terms and Conditions (“T&Cs”) that are found in the Grid Code incorporates the amendment process as laid out in EBGL Article 6 (A6) and Article 10 (A10).

The Grid Code Panel detailed in the Terms of Reference the scope of work for the GC0132 Workgroup and the specific areas that the Workgroup considered.

The table below details these specific areas and where the Workgroup have covered them.

Table 1: GC0132 Terms of Reference (The full Terms of Reference can be found in Annex 1)

Specific Area	Location in the report
a) Implementation;	Section 5
b) Review draft legal text should it have been provided. If legal text is not submitted within the Grid Code Modification Proposal the Workgroup should be instructed to assist in the developing of the legal text;	The full legal text, which was reviewed can be found in Annex 2
c) Consider whether any further Industry experts or stakeholders should be invited to participate within the Workgroup to ensure that all potentially affected stakeholders have the opportunity to be represented in the Workgroup;	Section 3 and 4
d) Apply some or all of the provisions of EBGL to all modifications; and	Section 3 and 4
e) Consider if Workgroup Consultation needed	Section 3 and 4

Workgroup Conclusions

At the final Workgroup meeting, Workgroup members voted on the Original proposal and WAGCM1, WAGCM2 and WAGCM3.

The Workgroup concluded that all solutions (Original Proposal, WAGCM1, WAGCM2 and WAGCM3) better facilitate the Grid Code objectives. The Workgroup members agreed by majority that the best solution is WAGCM1.

Code Administrator Consultation responses

Two responses were received to the Code Administrator Consultation. A summary of the responses can be found in Section 7 of this document. The respondents agreed that the Original proposal better facilitates Grid Code objectives (d) and (e) in ensuring compliance with European Law in an efficient manner.

Grid Code Panel View

At the Grid Code Panel meeting on 22 April 2020, the Panel voted on GC0132 against the Applicable Grid Code Objectives.

The Panel members agreed by majority that WAGCM1 was better than the baseline and recommended that it should be implemented.

This Final Modification Report has been prepared in accordance with the terms of the Grid Code. An electronic copy can be found on the National Grid ESO Website: <https://www.nationalgrideso.com/industry-information/codes/grid-code/modifications/gc0132-updating-grid-code-governance-process>

Acronym Table

Acronym	Meaning
EBGL	European Balancing Guidelines
BSPs	Balancing Service Providers
BRPs	Balancing Responsible Parties
T&Cs	Terms and Conditions
BSC	Balancing & Settlement Code
CUSC	Connection and Use of System Code
EU E&R NC	European Union Emergency & Restoration Network Code

2 Original Proposal

Section 2 (Original Proposal) and Section 3 (Proposer's solution) are sourced directly from the Proposer and any statements or assertions have not been altered or substantiated/supported or refuted by the Workgroup. Section 4 of the Code Administrator Consultation contains the discussion by the Workgroup on the Proposal and the potential solution.

This section is what was originally submitted to the Grid Code Review Panel in September 2019.

Defect

The Grid Code needs to incorporate the EBGL change process laid out in A6 and A10 of EGBL, for future amendments to A18 T&Cs for Balancing Service Providers (BSPs) and Balancing Responsible Parties (BRPs). This is currently proposed to be implemented by National Grid ESO for 4 April 2020.

Currently NGESO or the Authority are the only parties able to raise a change to the A18 T&Cs, which this means all other Grid Code parties raising Modifications will not be able to raise an A18 change proposal necessary for parts of the Grid Code that are identified as being part of the A18 T&Cs. Updating the Grid Code Governance process will ensure

the EBGL process is followed and the modification process remains clear and impact is minimised for industry.

What

Updates need to be made to ensure that when future changes are made to the A18 T&Cs that are found in the Grid Code, the correct procedure is followed as laid out in EBGL.

This means that:

- Any Workgroup Consultation must be open for a minimum period of 1-month and all consultation responses received must be considered by National Grid ESO, with justification as to if any changes will be made or not.
- A draft EBGL A18 proposal must be also raised during the Grid Code modification process;
- There must be a process to ensure that any send back by the Authority goes back through the whole EBGL amendment process; and
- Grid Code Modifications raised that affect the A18 T&Cs will have to go to the Authority for a decision so Self Governance cannot be an option in these circumstances.

Why

We need to make this change to ensure that we remove the risk of the EBGL process not being followed and ensure the modification process remains as efficient and inclusive for all parties to the Grid Code.

How

By making changes to the Grid Code Governance Rules we can capture the necessary changes, which will ensure the EBGL process is followed.

Governance

Requested Next Steps

The Proposer requested that this Modification Proposal should:

- follow standard governance process; and
- proceed to Code Administrator Consultation

As these are administrative changes to the Grid Code Governance Rules only the Proposer requested that this Modification Proposal go straight to Code Administrator Consultation.

At the Grid Code Review Panel on Thursday 28th November 2019 it was noted by a Panel member that they would like to raise an alternative to apply the EBGL guideline process to all Grid Code modifications. Two Panel members nominated themselves to join the Workgroup and make it quorate; Panel agreed for the Modification to go to Workgroup.

Why Change?

Making this change will ensure that we are compliant with EU law and the correct processes are followed.

- We need to make this change to minimise the risk of the EBGL process not being followed. EBGL A6 and A10 lay out the procedure that must be followed when making changes to the A18 T&Cs for BSPs and BRPs.
- Some of these T&Cs are found in the Grid Code and the current Governance Rules do not meet the requirements under EBGL - namely there is no 1-month workgroup consultation or responsibility on National Grid ESO to feedback justification on including any changes or not from the consultation responses.

- There is no process which recognises that an EBGL draft proposal needs raising simultaneously or allows other Grid Code parties to do so.
- There is currently no process to ensure all EBGL Modifications go to the Authority or for capturing send back from the Authority.

Code Specific Matters

Technical Skillsets

Understanding of Code Governance processes and EBGL (specifically requirements in Articles 6, 10 and 18).

Reference Documents

EBGL guidelines

https://www.entsoe.eu/network_codes/eb/

EBGL Article 18 T&Cs

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2017.312.01.0006.01.ENG&toc=OJ:L:2017:312:TOC#d1e1745-6-1

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2017.312.01.0006.01.ENG&toc=OJ:L:2017:312:TOC#d1e1745-6-1

Grid Code Governance Rules

<https://www.nationalgrideso.com/document/33816/download>

Cross Code impacts

Modifications have also been raised to the Connection and Use of System Code (CUSC) and the Balancing & Settlement Code (BSC) to implement this change across the three Codes.

3 Proposer's Solution

Section 2 (Original Proposal) and Section 3 (Proposer's solution) are sourced directly from the Proposer and any statements or assertions have not been altered or substantiated/supported or refuted by the Workgroup. Section 4 of the Code Administrator Consultation contains the discussion by the Workgroup on the Proposal and the potential solution.

This Proposal makes minor changes to the Governance Rules section of the Grid Code to ensure that the process through which changes to the Grid Code are made aligns, where necessary, with the requirements set out in article 18 of the Electricity Balancing Guideline (EBGL) European Network Code. The changes in process apply only to proposals made to amend the Grid Code that are considered to impact the terms and conditions for Balancing Services Providers.

Impacts & Other Considerations

The changes required to the Governance Rules section to achieve alignment are very minor in intent, although a little more complicated to achieve. They hinge around:

- The identification of which proposals impact the terms and conditions for Balancing Services Providers
- The need, where this is the case, for:
 - o A minimum consultation period of one month

- o Justification for the inclusion or otherwise of views received in the consultation in the final proposal to Ofgem; and
- o A decision on any such proposal to be made by the Authority

Of particular note, where a proposal is judged to be related to the Article 18 T&Cs, then it cannot proceed using the ‘Self-governance’ or ‘Fast track self-governance’ routes, and also where proposed as being urgent will still need to respect the minimum consultation requirements.

The intention of the drafting of the European Code was to ensure that all member states respected a minimum requirement of consultation and noting of stakeholder views. Since this was not universally the case the aim was to bring all member states up to a minimum standard. The change process in GB is mature and already takes account of stakeholder views and as such it is already broadly compliant with the requirements and hence does not need to be rewritten but does need some minor changes to achieve technical compliance.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No

Consumer Impacts

None identified.

Proposer assessment against Grid Code objectives

Impact of the modification on the Applicable Grid 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	None
(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);	None
(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;	None
(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	Neutral

This proposal positively impacts objective (d) in achieving compliance with European Law. Without it there is a high risk of non-compliance with EU Regulations in running a process outside of the Grid Code framework.

While it does detract from the overall efficiency of the GB processes in (e), this can be weighed against the positives in setting out the requirements for compliance in the Governance Rules in such a way that clarity is achieved for all parties and the code can still be managed in an efficient way by the Code Governance team removing the risk of compliance errors.

4 Workgroup discussions & Workgroup Vote

The Workgroup held three meetings to assess the proposed change that the governance process for making future changes to the European Balancing Guidelines (EBGL) Article 18 (A18) Terms and Conditions related to balancing (“T&Cs”) that are found in the Grid Code incorporates the amendment process as laid out in EBGL Article 6 (A6) and Article 10 (A10).

When should the one-month Consultation period occur?

The pros and cons for carrying out the one-month consultation period at the Workgroup stage of the modification process were discussed and the Workgroup concluded that the ‘EBGL’ one-month consultation should occur at the Code Administrator Consultation stage. The main advantage of doing this will be that all solutions will be fully developed with legal text.

The Workgroup discussed the amendments required to documents other than the Grid Code to fully implement the changes required. This includes the following;

Document	Changes required
Proposal form	Tick box to be added to ensure check has been completed against GR Annex B to identify EBGL amendment, to the Article 18 Terms and Conditions related to balancing, by the Proposer and the Code Administrator as part of their critical friend checks
Terms of Reference	Wording to be added to ensure Workgroup consider whether the change is an EBGL amendment to the Article 18 Terms and Conditions related to balancing
Code Administrator Consultation response proforma	Question to be asked as part of the Consultation as to whether the respondent is happy with the amendment to the Article 18 Terms and Conditions related to balancing
Draft Final Modification Report template	Table to be added to enable the adding of The Company position on the responses received (for the Original and WAGCM1

	only) or the Grid Code Review Panel (for WAGCM2 or WAGCM3).
Emails to be sent from the Code Administrator when opening the Code Administrator Consultation	Covering email template to be updated to sign post that the change is to the Article 18 Terms and Conditions related to balancing

Responding to EBGL Consultation responses

During the Workgroup discussion, the members agreed that the *Proposer*¹ (of either the Original Proposal or WAGCM(s)) would provide their comments on each of the (EBGL) Code Administrator Consultation responses within the Draft Final Modification Report. It was noted that this would be completed with the Code Administrator and that the template would require amending to ensure this is transparent. The Workgroup highlighted that this may mean amendments to the solution resulting in further Consultation(s) (of one month's duration, if related to the Article 18 terms and conditions) being required but noted that this is the same as the process currently in place.

The Workgroup again discussed this area when reviewing the legal text and concluded that as The Company have an obligation as Transmission System Operator to respond to the responses received that they should do so following the closing of the Code Administrator Consultation and that this should be documented within the Draft Final Modification Report presented to the Grid Code Review Panel. It was noted that this would conflict with Proposer ownership but that European law would prevail. It was also noted that when The Company provide their recommendation on whether something should be amended in the solution, that the Grid Code Review Panel would have the final say on instructing the modification to go back to Workgroup/back to Code Administrator Consultation again to make the amendment.

Proposal form update

It was also agreed that the *Proposer* would carry out an initial assessment to consider if the modification is seeking to amend the EBGL Article 18 terms and conditions. The Workgroup concluded that an amendment to the current Proposal form would be required to flag that the *Proposer* needs to carry out the assessment. The Code Administrator will also need to review this as part of their critical friend checks when new Modification Proposals are submitted.

Who can raise a change?

Workgroup members questioned who could raise a change to the Article 18 terms and conditions related to balancing. It was noted that this would have been Ofgem and The Company but as the EBGL amendment process is to sit within the Grid Code governance this will mean anyone that can currently raise a Grid Code change through the Open Governance arrangements will be able to do so.

Implementation

¹ '*Proposer*' is shown in italics to differentiate its use here between the Proposer of this GC0132 Modification and the Proposer of any future Modification which would be affected by this GC0132 proposed change (if approved by the Authority).

The Authority confirmed that they should receive the Final Modification Report modification in time for implementation on 4 April 2020.

The Workgroup considered the wording below when discussing the implementation of the modification and what would happen to modifications already in the change process.

“The ESO should amend the industry codes to ensure the necessary alignment with the amendment process set in the EBGL. We expect that the relevant modifications to align the EBGL amendment process with current code practices, as well as the process to embed SCT’s within the industry codes to be completed by 4 April 2020, as indicated as the latest date in the code modification proposals”

[Extract from Ofgem 8 October 2019 decision letter.]

There was a difference of opinion in the Workgroup regarding the date whereby in-train modifications; that relate to those sections of the Grid Code (shown in Annex GR B in the legal text) that form part of the Article 18 terms and conditions related to balancing; are affected by the proposed EBGL change. The Proposer believes that the date in-train modifications are affected from is 4th April 2020 when the GC0132 modification is implemented. A Workgroup member disagreed, noting that the TSO’s proposal (of the Article 18 terms and conditions related to balancing) to the Authority was based on the Grid Code (and other documentation) at that date (4th August 2019). The Workgroup member therefore believes that the in-train modifications that are affected are those approved (by the Authority or the GCRP) from 4th August 2019 onwards. The Workgroup member also noted that 25 questions of a legal nature had been raised (with Ofgem, NGENSO and GCRP) in regard to whether Ofgem’s letter of 8th October 2019 was a ‘decision’ for the purposes of EBGL Article 6(1) purposes. Some other Workgroup members were unsure as to which position was correct. It was concluded that the Workgroup would consider how many modifications would be affected.

Following this discussion, it was identified by the Code Administrator that; based on the 4th April 2020 (rather than the 4th August 2019) date approach noted above; one modification that had been raised, **GC0136 ‘Non-material changes to the Grid Code following implementation of the EU Connection Codes’** that would constitute an EBGL amendment. The Workgroup noted that any amendment other than housekeeping would constitute an EBGL amendment even if not material. As this GC0136 modification is yet to proceed, at the time of writing, to Code Administrator Consultation the Grid Code Review Panel and Proposer will consider the best way to progress with that modification.

Implementation update following original submission of Proposal: On Thursday 6 February 2020 Ofgem replied to the BSC’s query letter relating to ‘Clarifications on the Authority’s decision of 8 October 2019 on the Electricity System Operator’s proposal for the Terms and Conditions related to balancing’ the Balancing & Settlement Code (BSC) Panel asked Ofgem for “clarification on whether the 4 April 2020 is in itself a condition (or an anticipated date for completion of the conditions)”. Ofgem have now confirmed that they expect that all conditions listed in their letter from 8 October 2019 should be fulfilled by 25 June 2020 at the latest.

Workgroup Consultation

The Workgroup considered whether they needed to carry out a Workgroup Consultation for GC0132. They concluded, by majority, that GC0132 should proceed straight to Code

Administrator Consultation following the presentation of the Workgroup Report to the GCRP.

One Workgroup member felt that the Workgroup should proceed to Workgroup Consultation so that industry could raise potential alternatives if they wanted to. It was noted by the Proposer and other Workgroup members that due to the nature of the change for GC0132, the Workgroup had struggled for Workgroup membership and therefore it was unlikely that anyone in industry would want to raise an alternative. They also noted that it was unlikely that they would receive any responses other than those within the Workgroup. The final consideration was the timescales involved and that the change needs to be implemented by 4 April 2020.

Article 10 (1)

A Workgroup member noted the proposed legal text at GR21.8 (iii) regarding who would be consulted and referred to the wording under Article 10(1):

1. TSOs responsible for submitting proposals for terms and conditions or methodologies or their amendments in accordance with this Regulation shall consult stakeholders, including the relevant authorities of each Member State, on the draft proposals for terms and conditions or methodologies and other implementing measures for a period of not less than one month

The Workgroup member stated that they would expect the TSO to therefore consult with National Regulatory Authorities from each Member State on the draft proposals for the Article 18 terms and conditions related to balancing (and not just Ofgem). The Proposer stated that they did not believe this to be the case and that Article 10(1) was not drafted with the intention of prompting consultation with all NRAs for which there is no mechanism and questionable benefit; if this had been the intention then the requirement would have been set out in art 10.1 to consult with the NRAs of 'all' member states rather than 'each', which in the Proposer's view simply means that TSOs should consult with their domestic NRA – and also, if this were a requirement, then the mechanism should more properly involve or be run by ACER. The Workgroup member outlined that the reasoning for requiring TSOs to consult other NRAs (and not just the NRA in their Member State alone) was because changes to the Article 18 terms and conditions in one Member State could have implications for balancing and cross border trade in other Member States with, for example, Project TERRE and Project MARI as well as other Standard Products. The Workgroup member also noted that this could be discharged by the simple step of sending them the same email as was issued with the Code Administrator Consultation.

BSC and CUSC modifications

It was agreed that there is a need to discuss with Elexon what the BSC solution is and to ensure that if we are not aligned across Codes, we have made this decision consciously following discussion. The Workgroup also noted that the CUSC modification was awaiting the conclusion of this Workgroup ahead of progressing to Code Administrator Consultation.

Alternatives

The Workgroup reviewed a potential alternative to cover the separate Emergency & Restoration Network Code Terms & Conditions which the Workgroup concluded was out

of scope of the defect identified in this GC0132 modification.

The Workgroup discussed a further potential modification for all future Grid Code modifications (raised after 4th April 2020) to carry out the 'EBGL' one-month consultation (irrespective of whether they related to the EBGL Article 18 T&Cs or not). It was agreed that this should become a full alternative that will be submitted to the Authority for decision. The full alternative can be located in Annex 3 and the legal text in Annex 2.

At the final meeting a Workgroup member raised a concern around the mis-alignment of the solutions being developed across the industry codes (CUSC, Grid Code and BSC). It was noted, for example, that under the BSC proposal (P392) that National Grid ESO were delegating some of their obligation under Article 10(6) of EBGL to the BSC Panel (and Elexon/BSCCo) and that the task of providing the 'justification' for including (or not) changes raised in the Article 10(1) consultation would rest with the BSC Panel (and not NGENSO). The Grid Code (and CUSC) Original modification is inconstant with the BSC as it does not envisage this task being performed by the GCRP (or CUSC Panel).

The Workgroup then considered and discussed the following areas, which in the Proposer's view highlighted the actual differences between the different code arrangements and therefore could provide a basis for some differences in approach:

- The difference in Code Administrators across the industry code Panels, and in particular the fact that for the Grid Code and CUSC the Code Administrator is NGENSO which therefore removes certain needs for delegation, rather than a separate entity as in the BSC (Elexon).
- How the delegation works. It's a letter that Ofgem do not have to approve formally. The TSO has the right to delegate the responsibility if they choose to. It was noted that that National Grid ESO as TSO and Code Administrator did not want to do this as part of the solution to this modification. They stated that it was unnecessary to do so as they can carry out this obligation easily under the CUSC and Grid Code arrangements currently in place.
- Whether the GCRP would want to accept the delegation and therefore accept the responsibility to carry out this obligation. It was agreed that this would be raised at the Panel when this Workgroup Report is presented to them.
- Alignment in process. A Workgroup member expressed the view that consistency in approach across the GB industry codes as to which body provided the justification for including (or not) the views raised in the Article 10(1) consultation responses was important and decided to formally raise a potential solution to be submitted to Ofgem as part of the process. Workgroup members agreed that it should be submitted to Ofgem. The alternative form can be located in Annex 4 and legal text in Annex 2.
- Rights to change the Proposal under the Proposer's solution and alternatives. It was noted that the process under GR22.4 would remain unchanged under all the options that the Workgroup had developed. The Proposer of WAGCM2 and WAGCM 3 stated that the GCRP would not have the ultimate say on what amendment to the proposal arising from the Article 10(1) consultation responses should be included in the Final Modification Report or should not happen, under the WAGCM2 and WAGCM 3 solutions, but a Workgroup could be asked by the GCRP to advise on this, on a case by case basis.

Options	How is this different from the Proposer's solution?
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Proposer solution	One-month consultation carried out at Code Administrator Consultation stage of the process for only those modifications that affect the Article 18 T&Cs related to balancing, as outlined in Annex GR.B. TSO (The Company) to consider responses received and provide justification as to whether responses should be taken into account or not as part of the Draft Final Modification Report stage of the process.
WACGM1	The process that has been drafted for the Original solution would be carried out for all future modifications raised to the Grid Code.
WACGM2	The change would be the same as identified in the Original solution apart from The Company, as TSO would delegate their responsibility under Article 10(6) to the Grid Code Review Panel (GCRP) who would then perform that task, namely that the GCRP "... shall duly consider the views of stakeholders resulting from the consultations undertaken in accordance with paragraphs 2 to 5, prior to its submission for regulatory approval. In all cases, a sound justification for including or not including the views resulting from the consultation shall be provided together with the submission and published in a timely manner before or simultaneously with the publication of the proposal for terms and conditions or methodologies."
WACGM3	This would be a combination of WAGCM1 and WAGCM2 meaning that the process identified would apply for every future Grid Code modification raised and the GCRP would carry out the responsibilities outlined in Article 10(6).

Following the Workgroup vote being carried out it was highlighted that some additional amendments to the legal text would be required to incorporate Article 6.1 of the EBGL. These amendments were added to the original solution and all three alternatives following correspondence with the GC0132 Workgroup.

Workgroup Vote

The Workgroup believe that the Terms of Reference have been fulfilled and GC0132 has been fully considered.

The Workgroup met on 16 January 2020 and voted on whether the Original, WAGCM1, WAGCM2 or WAGCM3 would better facilitate the Grid Code Objectives than the baseline and what option was best overall.

The Workgroup concluded that all solutions (Original, WAGCM1, WAGCM2 and WAGCM3) better facilitate the Grid Code objectives.

Workgroup Members, by majority, concluded that the WAGCM1 is best.

Votes are recorded below:

Vote 1: does the original or WAGCM facilitate the objectives better than the Baseline?

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Better facilitates ACO (e)?	Overall (Y/N)
Rob Wilson – National Grid ESO						
Original	Neutral	Neutral	Neutral	Y	Neutral	Y
WAGCM1	Neutral	Neutral	Neutral	Y	Y	Y
WAGCM2	Neutral	Neutral	Neutral	Y	Neutral	Y
WAGCM3	Neutral	Neutral	Neutral	Y	Y	Y
<p>Voting statement:</p> <p>The processes set out in EBGL Article 18 represent only small changes to the GB frameworks and deliver no benefit to GB stakeholders. The only reason to progress them is to ensure compliance with European Law which when drafted was intended to ensure that all member states fulfilled a certain minimum requirement of engagement on changes to balancing terms & conditions. This was already the case in GB.</p> <p>The original is a minimum compliant solution. WAGCM1 is a pragmatic solution that reduces the likelihood of future errors, by establishing a single process is administratively easier to manage, and by providing a definition of the 'Regulated Sections' facilitates easier future changes to the Terms & Conditions that are in scope. WAGCMs 2&3 which require the delegation of tasks from the ESO to the Panel are unnecessary as the Panel is already responsible for determining how CAC responses are incorporated into a solution while the ESO, through their role as the Code Administrator, is responsible for setting out the justification for this in a final report. Inconsistency with the BSC solution is justified given the differences in roles and need for delegation due to Elexon's position as the BSC owner and Code Administrator rather than the ESO. The ESO therefore supports WAGCM1 on the grounds of efficiency but believes that the Original also represents a minimum compliant solution.</p>						
Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Better facilitates ACO (e)?	Overall (Y/N)
Alastair Frew – Drax Generation Enterprise Ltd						
Original	Neutral	Neutral	Neutral	Y	N	Y
WAGCM1	Neutral	Neutral	Neutral	Y	Y	Y
WAGCM2	Neutral	Neutral	Neutral	Y	N	Y
WAGCM3	Neutral	Neutral	Neutral	Y	Y	Y
<p>Voting statement: WAGCM1 is best as the proposed changes to the Grid Code process are relatively minor and in effect just fix the code administration consultation period to 1 month and require a response to be sent to consultees regarding their submissions. This will also remove the risk of accidental non-compliance, as there are already sections of</p>						

the Grid Code which are subject to 1-month consultation periods but this is not recorded anywhere within the code nor does there appear to be any process for checking this when modifications are being progressed. Equally going forward expansion of these requirements to other EU codes becomes relatively simple in that it is only the Annex which needs to be changed by adding the new references.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Better facilitates ACO (e)?	Overall (Y/N)
Alan Creighton – Northern Powergrid						
Original	Neutral	Neutral	Neutral	Y	Neutral	Y
WAGCM1	Neutral	Neutral	Neutral	Y	Neutral	Y
WAGCM2	Neutral	Neutral	Neutral	Y	Neutral	Y
WAGCM3	Neutral	Neutral	Neutral	Y	Neutral	Y

Voting statement: WAGCM1 and WAGC3 both facilitate the future incorporation of other EU T&Cs that require a one-month consultation and simplify the Grid Code administrative arrangements by applying a one-month consultation process to all Grid Code modifications. WAGCM1 requires that NGESO consider the consultation responses as required by the EU Network Code; WAGCM3 seeks to delegate this obligation to the GCRP. Hence WAGCM1 is the best solution.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Better facilitates ACO (e)?	Overall (Y/N)
Garth Graham – SSE Generation Ltd						
Original	Neutral	Neutral	Neutral	Y	Y	Y
WAGCM1	Neutral	Neutral	Neutral	Y	Y	Y
WAGCM2	Neutral	Neutral	Neutral	Y	Y	Y
WAGCM3	Neutral	Neutral	Neutral	Y	Y	Y

Voting statement: The Original and the three WAGCMs are all neutral in terms of Applicable Objectives (a), (b) and (c). In terms of Applicable Objective (d) the Original and the three WAGCMs are all better in terms of ensuring compliance with European law and in terms of the efficiency in implementation and application of the Grid Code (therefore better in terms of Applicable Objective (e)). The GCRP cannot currently change a proposal after the Code Administrator Consultation (except for non-material items, such as typos) as proposer ownership applies. WAGCM 2 and WACGM3 would ensure a consistency in approach between the BSC (as set out in the P392 workgroup discussions) and Grid Code with the Article 10(6) powers being exercised, in both codes, by the respective Panel. Therefore WAGCMs 2 and 3 are better than the

Original. WAGCM1 has some additional advantages over the Original and thus WAGCM3 is best overall.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Better facilitates ACO (e)?	Overall (Y/N)
Ross McGhin – National Grid Electricity Transmission						
Original	Neutral	Neutral	Neutral	Y	Neutral	Y
WAGCM1	Neutral	Neutral	Neutral	Y	Neutral	Y
WAGCM2	Neutral	Neutral	Neutral	Y	Neutral	Y
WAGCM3	Neutral	Neutral	Neutral	Y	Neutral	Y
<p>Voting statement: Whilst the original does incorporate the requirements for EBGL change process for Article 18 Terms and Conditions WAGCM1 also achieves this but can facilitate future other EU T&Cs in addition. WAGCM2 and WAGCM3 seek to delegate consultation responses from NGESO to the GCRP with a view to try to standardise approach with the BSC but given other intrinsic differences between BSC and Grid Code governances this doesn't appear to give tangible benefit. Therefore, WAGCM1 at this time is the overall best approach.</p>						

Vote 2: Which option is best?

Workgroup Member	BEST Option?
Phil Smith	WAGCM1
Alastair Frew	WAGCM1
Alan Creighton	WAGCM1
Garth Graham	WAGCM3
Ross McGhin	WAGCM1

5 Grid Code Review Panel Views

At the Grid Code Review Panel meeting on 22 April 2020, the Panel voted on GC0132 against the Applicable Grid Code Objectives.

The Panel members by majority agreed that WAGCM1 was better than the baseline and recommended that it should be implemented.

For reference the Applicable Grid Code Objectives are:

- (a) To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity
- (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);

- (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;
- (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
- (e) To promote efficiency in the implementation and administration of the Grid Code arrangements.

Vote 1: Does the Original/WAGCM1/ WAGCM2/ WAGCM3 facilitate the objectives better than the Baseline?

Panel Member: Alan Creighton

	Better facilitates GCO (a)	Better facilitates GCO (b)?	Better facilitates GCO (c)?	Better facilitates GCO (d)?	Better facilitates GCO (e)?	Overall (Yes/No)
Original	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM1	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM2	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM3	Neutral	Neutral	Neutral	Yes	Neutral	Yes
Voting Statement						
WAGCM1 and WAGC3 both facilitate the future incorporation of other EU T&Cs that require a one-month consultation and simplify the Grid Code administrative arrangements by applying a one-month consultation process to all Grid Code modifications. WAGCM1 requires that NGESO consider the consultation responses as required by the EU Network Code; WAGCM3 seeks to delegate this obligation to the GCRP. Hence WAGCM1 is the best solution.						

Panel Member: Alastair Frew

	Better facilitates GCO (a)	Better facilitates GCO (b)?	Better facilitates GCO (c)?	Better facilitates GCO (d)?	Better facilitates GCO (e)?	Overall (Yes/No)
Original	Neutral	Neutral	Neutral	Yes	No	Yes
WAGCM1	Neutral	Neutral	Neutral	Yes	Yes	Yes
WAGCM2	Neutral	Neutral	Neutral	Yes	No	Yes
WAGCM3	Neutral	Neutral	Neutral	Yes	Yes	Yes
Voting Statement						
WAGCM1 is best as the proposed changes to the Grid Code process are relatively minor and in effect just fix the code administration consultation period to 1 month and require a response to be sent to consultees regarding their submissions. This will also remove the risk of accidental non-compliance, as there are already sections of the Grid Code which are subject to 1-month consultation periods but this is not recorded anywhere within the code nor does there appear to be any process for checking this when modifications are being progressed. Equally going forward expansion of these requirements to other EU codes becomes relatively simple in that it is only the Annex which needs to be changed by adding the new references.						

Panel Member: Christopher Smith

	Better facilitates GCO (a)	Better facilitates GCO (b)?	Better facilitates GCO (c)?	Better facilitates GCO (d)?	Better facilitates GCO (e)?	Overall (Yes/No)
Original	Neutral	Neutral	Neutral	Yes	Yes	Yes
WAGCM1	Neutral	Neutral	Neutral	Yes	Yes	Yes
WAGCM2	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM3	Neutral	Neutral	Neutral	Yes	Neutral	Yes
Voting Statement						
All option, excluding baseline, improve the Grid code. WAGCM1 & 3 allow for future incorporation of EU T&C's. However, the proposal for WAGCM2, and hence incorporated in WAGCM3, there appears to be no further benefit.						

Panel Member: Damian Jackman

	Better facilitates GCO (a)	Better facilitates GCO (b)?	Better facilitates GCO (c)?	Better facilitates GCO (d)?	Better facilitates GCO (e)?	Overall (Yes/No)
Original	Neutral	Neutral	Neutral	Yes	Yes	Yes
WAGCM1	Neutral	Neutral	Neutral	Yes	Yes	Yes
WAGCM2	Neutral	Neutral	Neutral	Yes	Yes	Yes
WAGCM3	Neutral	Neutral	Neutral	Yes	Yes	Yes
Voting Statement						
The Original and the three WAGCMs are - assuming the 8th October letter from Ofgem is a legally binding decision - all better in terms of ensuring compliance with European law and in terms of the efficiency in implementation and application of the Grid Code.						
The GCRP cannot currently change a proposal after the Code Administrator Consultation (except for non-material items) as proposer ownership applies. WAGCM 2 and WAGCM3 would ensure a consistency in approach between the BSC (as set out in the P392 workgroup discussions) and Grid Code with the Article 10(6) powers being exercised, in both codes, by the respective Panel. Therefore, in our view, WAGCMs 2 and 3 are better than the Original. WAGCM1 has some additional advantages over the Original but WAGCM3 is best overall (as it combines both 1 & 2).						

Panel Member: Sigrid Bolik (Alternate)

Abstained from Voting

Panel Member: Joe Underwood

	Better facilitates GCO (a)	Better facilitates GCO (b)?	Better facilitates GCO (c)?	Better facilitates GCO (d)?	Better facilitates GCO (e)?	Overall (Yes/No)
Original	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM1	Neutral	Neutral	Neutral	Yes	Yes	Yes
WAGCM2	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM3	Neutral	Neutral	Neutral	Yes	Yes	Yes
Voting Statement						

All better facilitate Objective (d) as will implement the EBGL. WAGCM1 is best as it implements this as a standard across all future GC modifications. WAGCM2 and 3 introduce extra complexities and therefore WAGCM1 is best.

Panel Member: Robert Longden

	Better facilitates GCO (a)	Better facilitates GCO (b)?	Better facilitates GCO (c)?	Better facilitates GCO (d)?	Better facilitates GCO (e)?	Overall (Yes/No)
Original	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM1	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM2	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM3	Neutral	Neutral	Neutral	Yes	Neutral	Yes

Voting Statement

The Original and all 3 WAGMs are better than the baseline in that they discharge the appropriate responsibility. It is not appropriate to seek to delegate responsibilities which sit with the ESO to the GCRP and therefore WAGMs 2 and 3 are not preferred. Wherever possible consistency should be sought and although there will be occasions where this is not possible due to (e.g.) cross code requirements, WAGM1 appears to be the most suited to achieve this.

Panel Member: Rob Wilson

	Better facilitates GCO (a)	Better facilitates GCO (b)?	Better facilitates GCO (c)?	Better facilitates GCO (d)?	Better facilitates GCO (e)?	Overall (Yes/No)
Original	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM1	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM2	Neutral	Neutral	Neutral	Yes	No	Yes
WAGCM3	Neutral	Neutral	Neutral	Yes	No	Yes

Voting Statement

The processes set out in EBGL Article 18 represent only small changes to the GB frameworks and deliver no actual benefit to GB stakeholders. This modification is however required to ensure correct alignment with European Law, although it should be noted that as drafted by ENTSO-E the intention was only to ensure that all member states fulfilled a certain minimum requirement of engagement rather than to put in place a particularly prescriptive process. The original is a minimum compliant solution. WAGCM1 is a sensible attempt to put in place a standard process to apply to all modifications but doesn't work in terms of some of the requirements to account for the impact on EBGL objectives where in the original a consistent approach has been taken to the BSC modification P392. WAGCMs 2&3 introduce an unnecessary and confusing change of roles, as well as requiring a decision from Ofgem on the delegation of ESO responsibilities.

One of the CAC responses contends that the GCRP cannot currently change a proposal after a CAC as proposer ownership applies [and therefore there is a need to delegate powers from NGESO to the Panel] which is wrong. NGESO certainly doesn't have this power. Panel can make non-material changes or can refer matters that are material back to a workgroup. The final version of GC0132 original also allows panel to require the Code Administrator to work with the proposer to make material changes or to establish a workgroup where one didn't exist previously. In any case, material changes require a rerun of the CAC.

Finally, please note that no material changes impacting Balancing T&Cs in the Grid Code were in progress after 4 Aug 2019.

Panel Member: Richard Woodward (Alternate)

	Better facilitates GCO (a)	Better facilitates GCO (b)?	Better facilitates GCO (c)?	Better facilitates GCO (d)?	Better facilitates GCO (e)?	Overall (Yes/No)
Original	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM1	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM2	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM3	Neutral	Neutral	Neutral	Yes	Neutral	Yes
Voting Statement						
<p>Whilst the original does incorporate the requirements for EBGL change process for Article 18 Terms and Conditions WAGCM1 also achieves this but can facilitate future other EU T&Cs in addition. WAGCM2 and WAGCM3 seek to delegate consultation responses from NGENSO to the GCRP with a view to try to standardise approach with the BSC but given other intrinsic differences between BSC and Grid Code governances this doesn't appear to give tangible benefit. Therefore, WAGCM1 at this time is the overall best approach.</p>						

Panel Member: Steve Cox

	Better facilitates GCO (a)	Better facilitates GCO (b)?	Better facilitates GCO (c)?	Better facilitates GCO (d)?	Better facilitates GCO (e)?	Overall (Yes/No)
Original	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM1	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM2	Neutral	Neutral	Neutral	Yes	Neutral	Yes
WAGCM3	Neutral	Neutral	Neutral	Yes	Neutral	Yes
Voting Statement						
<p>WAGCM1 and WAGC3 both facilitate the future incorporation of other EU T&Cs that require a one-month consultation and simplify the Grid Code administrative arrangements by applying a one-month consultation process to all Grid Code modifications. WAGCM1 requires that NGENSO consider the consultation responses as required by the EU Network Code; WAGCM3 seeks to delegate this obligation to the GCRP. Hence WAGCM1 is the best solution.</p>						

Vote 2: Which option is the best?

Panel Member	BEST Option?
Alan Creighton	WAGCM1
Alastair Frew	WAGCM1
Christopher Smith	WAGCM1
Damian Jackman	WAGCM3
Sigrid Bolik (Alternate)	Abstained from Voting
Joe Underwood	WAGCM1
Robert Longden	WAGCM1

Rob Wilson	Original
Richard Woodward (Alternate)	WAGCM1
Steve Cox	WAGCM1

The Grid Code Review Panel therefore recommended by majority and agreed that the WAGCM1 should be implemented.

6 Implementation and impacts

Ofgem Decision on the proposed Article 18 terms and conditions related to balancing

In Ofgem's decision² letter of the 8 October 2019³ they requested that work is completed for implementation on 4 April 2020. The Ofgem representative at the GC0132 Workgroup also confirmed that the Modification is required to be implemented by this date.

Transitional arrangements for modifications already raised

An assessment of those modifications that were approved after 4 August 2019 or are in-train was carried out so see which changed those parts of the Grid Code listed in Annex GR B (see the legal text). The only modification highlighted was GC0136 and the GC0132 solution will be taken into account as this is progressed.

Implementation update following original submission of Proposal: On Thursday 6 February 2020 Ofgem replied to the BSC's query letter relating to 'Clarifications on the Authority's decision of 8 October 2019 on the Electricity System Operator's proposal for the Terms and Conditions related to balancing' the Balancing & Settlement Code (BSC) Panel asked Ofgem for "clarification on whether the 4 April 2020 is in itself a condition (or an anticipated date for completion of the conditions)". Ofgem have now confirmed that they expect that all conditions listed in their letter from 8 October 2019 should be fulfilled by 25 June 2020 at the latest.

Costs

Code administration costs	
Resource costs	£5,445 - 3 Workgroup meetings £109 – Catering
Total Code Administrator costs	£5,554

Industry costs (Standard Grid Code)

² A Workgroup member noted that 25 questions of a legal nature have arisen around whether the Ofgem letter of 8 October 2019 was a 'decision' for the purposes of Article 6(1) of EBGL. These legal concerns have been raised separately with Ofgem and NGENSO (copied to the GCRP) and, as at the third Workgroup meeting, a response from Ofgem and NGENSO to those questions is still awaited.

³ https://www.ofgem.gov.uk/system/files/docs/2019/10/article_18_final_decision_letter_-_08.10.2019_1.pdf

Resource costs	£13,613 - 3 Workgroup meetings £1,815 – 1 Consultations <ul style="list-style-type: none"> • 3 Workgroup meetings • 5 Workgroup members • 1.5-man days effort per meeting • 1.5-man days effort per consultation response • 2 consultation respondents
Total Code Administrator costs	£5,554
Total Industry Costs	£20,982

7 Legal Text

Text Commentary

The Proposer identified the areas of the Grid Code that need to be updated these are:

- Sections of the Governance Rules and the Glossary

These areas currently house the governance rules which surround the Code Administrator Consultation procedure, and this is where these changes best sit to ensure compliance. The legal text for the Proposer's solution and the alternatives raised have been reviewed by the Workgroup.

The full legal text can be found in Annex 2.

8 Code Administrator Consultation Response Summary

The Code Administrator Consultation was issued on 17 March 2020 for 15 Working Days, with a close date of 07 April 2020.

Two responses (including one late response) were received to the Code Administrator Consultation, one respondent stated that the original and WAGCM1 are positive against objective (e) while WAGCMs 2&3 are negative against this as they introduce an unnecessary and confusing change of roles, as well as requiring a decision from Ofgem on the delegation of ESO responsibilities. They also stated that the original and the WAGCMs are neutral against objectives (a)-(c) and positive against objective (d) in ensuring compliance with European Law.

The other respondent stated that they believe that the Original and the three WAGCMs are all neutral in terms of Applicable Objectives (a), (b) and (c). In terms of Applicable Objective (d) they believe that the Original and the three WAGCMs are all better in terms of ensuring compliance with European law and in terms of the efficiency in implementation and application of the Grid Code (therefore better in terms of Applicable Objective (e)). The reason for this is that the GCRP cannot currently change a proposal after the Code Administrator Consultation (except for non-material items) as proposer

ownership applies. WAGCM 2 and WAGCM3 would ensure a consistency in approach between the BSC (as set out in the P392 workgroup discussions) and Grid Code with the Article 10(6) powers being exercised, in both codes, by the respective Panel. Therefore, in our view, WAGCMs 2 and 3 are better than the Original. WAGCM1 has some additional advantages over the Original and thus WAGCM3 is best overall.

Annex 1 Terms of Reference

The Terms of Reference can be located in the zip folder labelled Annex 1.

Annex 2 Full legal text for Original solution and WAGCMs

Full legal text for the alternative and Original solution and alternatives can be located in the zip folder labelled Annex 2.

Annex 3 Workgroup Alternative Grid Code Modification 1 (WAGCM1)

The Proposal form for WAGCM1 can be located in the zip folder labelled Annex 3.

Annex 4 Workgroup Alternative Grid Code Modification 2 (WAGCM2)

The Proposal form for WAGCM2 can be located in the zip folder labelled Annex 4.

Annex 5 Workgroup Alternative Grid Code Modification 3 (WAGCM3)

The Proposal form for WAGCM3 can be located in the zip folder labelled Annex 5.

Annex 6 Code Administrator Consultation responses

The Consultation response received can be located in the zip folder labelled Annex 6.