










Grid Code Modification Proposal Form		At what stage is this document in the process?												
<h1 style="color: #00a651;">GC0131:</h1> <p style="color: #00a651;">Mod Title: 'Quick Win' Improvements to Grid Code Open Governance Arrangements</p>	<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="border: 1px solid black; width: 30px;">01</td> <td style="background-color: #00a651; color: white; border: 1px solid black;">Proposal Form</td> </tr> <tr> <td style="border: 1px solid black;">02</td> <td style="border: 1px solid black;">Workgroup Consultation</td> </tr> <tr> <td style="border: 1px solid black;">03</td> <td style="border: 1px solid black;">Workgroup Report</td> </tr> <tr> <td style="border: 1px solid black;">04</td> <td style="border: 1px solid black;">Code Administrator Consultation</td> </tr> <tr> <td style="border: 1px solid black;">05</td> <td style="border: 1px solid black;">Draft Grid Code Modification Report</td> </tr> <tr> <td style="border: 1px solid black;">06</td> <td style="border: 1px solid black;">Final Grid Code Modification Report</td> </tr> </table>		01	Proposal Form	02	Workgroup Consultation	03	Workgroup Report	04	Code Administrator Consultation	05	Draft Grid Code Modification Report	06	Final Grid Code Modification Report
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<p>Purpose of Modification: Since the implementation of Open Governance arrangements into the Grid Code in Feb 2017 working with the new processes has highlighted that further improvements could be made to the smooth and efficient running of workgroups, and the progressing 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 address these where possible.</p>														
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> Subject to normal governance; and Be assessed by a workgroup <p>This modification was raised 11 September 2019 and will be presented by the Proposer to the Panel on 26 September 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>													
	<p>High Impact: None.</p>													
	<p>Medium Impact All parties subject to the Grid Code</p>													
	<p>Low Impact None.</p>													

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Timetable		National Grid ESO Representative: Rob Wilson
<i>The Code Administrator will update the timetable following consideration by the Grid Code Review Panel.</i>		
The Code Administrator recommends the following timetable:		
Initial consideration by workgroup		dd month year
Workgroup Consultation issued to the Industry		dd month year
Modification concluded by workgroup		dd month year
Workgroup Report presented to Panel		dd month year
Code Administration Consultation Report issued to the Industry		dd month year
Draft Final Modification Report presented to Panel		dd month year
Modification Panel decision		dd month year
Final Modification Report issued the Authority		dd month year
Decision implemented in Grid Code		dd month year

Proposer Details

Details of Proposer: (Organisation Name)	National Grid Electricity System Operator
Capacity in which the Grid Code Modification Proposal is being proposed: (e.g. CUSC Party)	Licensee
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Rob Wilson National Grid Electricity System Operator 07799 656402 Robert.wilson2@nationalgrid.com
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	
Attachments (Yes/No): If Yes, Title and No. of pages of each Attachment:	

Impact on Core Industry Documentation.

Please mark the relevant boxes with an "x" and provide any supporting information

BSC	<input type="checkbox"/>
CUSC	<input checked="" type="checkbox"/>
STC	<input type="checkbox"/>
Other	<input type="checkbox"/>

There is no direct impact upon the CUSC – however, the Grid Code open governance arrangements were drawn from CUSC section 8 and it may be that some of the minor changes proposed here could be suitable for the CUSC as well and could be brought forward subsequently. A presentation has been made to the Transmission Charging Methodology Forum (TCMF) and CUSC representatives have asked that they be kept informed of progress through the Code Administrator.

1 Summary

Defect

Since the implementation of Open Governance arrangements into the Grid Code, as approved by Ofgem in February 2017 in modification [GC0086 'Open Governance'](#), the experience of working with the new open governance processes has helped to identify a number of areas in which specific improvements could be made to the existing arrangements. These currently impact the smooth and efficient running of workgroups, and the swift progressing of changes to the code making the best use of industry time.

What

A number of amendments to the Governance Rules section of the Grid Code are proposed as addressed in more detail later in this proposal. While these are minor in nature they should result in significant improvements to the process.

The areas that are considered 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

These proposals were presented to the Grid Code Development Forum and in draft to the Grid Code Review Panel (the Panel) in July 2019. Some amendments were made in response to feedback. In particular, a consideration to remove National Grid Electricity System Operator (NGESO) mandatory participation in every workgroup was taken out of the proposals and Ofgem approval/veto for a non-quorate workgroup was added.

Why

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

How

Draft legal text is provided as an attachment to this form.

2 Governance

Justification for Normal Governance Procedure

Draft legal text for this proposal has been written and is included as an attachment to this form. The concepts as outlined in the 'Solution' section are fairly simple but achieving them within the text has been more complex because of the need to avoid

unintended consequences and to make sure that the right checks and balances are in place. Given the need to review the text, the most efficient way to do this is likely to be to establish a workgroup. The changes will not discriminate between parties but it is proposed that 'Normal' governance arrangements should be followed as the amendments are to the Governance Rules which were established through the Authority (Ofgem) decision on the Open Governance modification GC0086.

Requested Next Steps

This modification should:

- be subject to normal governance; and
- be assessed by a workgroup

3 Why Change?

Following the implementation of Open Governance arrangements into the Grid Code, as approved by the Authority (Ofgem) in February 2017, it has become apparent through working with the processes that certain further improvements could be made.

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

This is 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 and Ofgem in response to feedback from many in industry who are critical of the existing system of codes and code governance (note also the publication by NGENSO 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 have 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 this work and to be worth pursuing now ahead of any further conclusions as they are in the view of the Proposer quick wins with no regrets in nature and could be achieved ahead of any more comprehensive actions.

4 Code Specific Matters

Technical Skillsets

Any prospective workgroup member for this proposal would benefit from having recent experience of the Grid Code workgroup process post-open governance.

5 Solution

Areas that this Proposal addresses are as follows:

Initial assessment of proposals

On occasion proposals are raised where it is significantly unclear at the outset what the solution may 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 before reporting 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 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 this advice and proceed without any amendment to their proposal. However, the principle of this change is to try to assist proposers in developing more fully formed initial ideas that then ultimately stand more chance of success and make a better use of industry time.

This builds on the considerations in the [GC0124 'Critical Friend'](#) modification, raised by the Code Administrator at the April 2019 Panel, 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 to ensure that the proposal is as clear as possible and all potentially impacted parties have been clearly identified.

Quoracy

The current quoracy arrangements in the Governance Rules (GR.20.3) are that a workgroup and any meeting of a workgroup will only be considered quorate with five members (including the mandatory NGESO workgroup member). 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 modifications. 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, which is typically due to a late change in the availability of one or more members, it is proposed to clarify that (as is in fact currently the case) attendance may be by phone, by participation in a webinar or video conference, or, where a member is unable to attend by any means, that they may send a substitute as long as the Code Administrator is informed of this. It should also be clarified that as is currently the case 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 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 as long as this is circulated to the full workgroup subsequently and the non-attending member(s) do not object to this.

Finally, recognising that there will still be cases where this will not be achieved, and to make the best use of time for those that may have made travel arrangements or attended in good faith, the remaining parties can still meet without quoracy (although not officially as a workgroup) to discuss matters but would not be able to undertake any official workgroup actions such as the approval of reports or voting.

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 and 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 follows.

A 'non-quorate' workgroup must, in addition to all standard workgroup obligations:

- 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 it gets developed. To ensure a better use of time and resources it is proposed

to change this to instead 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.

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 and would be subject to approval by the Panel.

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 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 to develop the solution are not generally sought as this would 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, this would have been 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 but in cases where a workgroup had not been formed. A new clause has been included 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 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 NGENSO, 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; and 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 the running of a workgroup consultation.

An additional clause GR.15.11(d) has been included to outline this responsibility and indicate the requirement for this to be based on a completed solution (sometimes expressed as 'business rules' to enable the solution).

6 Impacts & Other Considerations

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.

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

As identified elsewhere in this form, 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.

Consumer 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 more timely 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 a better use of time it will also mitigate a perceived barrier to participation, particularly from smaller parties.

7 Relevant Objectives

Impact of the modification on the Applicable Grid Code Objectives:

Relevant Objective	Identified impact
(i) To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity	Positive
(ii) 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
(iii) Subject to sub-paragraphs (i) and (ii), to promote the security and efficiency of the electricity generation, transmission and distribution systems in the national electricity transmission system operator area taken as a whole;	Positive
(iv) To efficiently discharge the obligations imposed upon the licensee by this licence and to comply with the Electricity Regulation and any relevant legally binding decisions of the European Commission and/or the Agency; and	Positive
(v) To promote efficiency in the implementation and administration of the Grid Code arrangements	Positive

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

8 Implementation

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

The changes made in this modification should apply to any modifications 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.

9 Legal Text

Draft legal text is attached.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Normal governance procedures should apply
- Refer this proposal to a Workgroup for assessment.