

## Grid Code Modification Proposal Form

## GC0152: Updating the Grid Code governance process to ensure we capture network code on electricity emergency and restoration (NCER) change process for Article 4 Terms and Conditions (T&Cs)

**Overview:** The proposal aims to ensure that retained EU law functions effectively in the context of the Grid Code following the UK-EU Trade and Co-operation Agreement and the end of the transition period. It will ensure that the Grid Code takes into account the provisions in the relevant Statutory Instruments prepared under the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020).

### Modification process & timetable



**Status summary:** The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.

**This modification is expected to have a: Low impact**

Code Governance team at NGESO; Industry parties raising Modifications

**Modification drivers:** Efficiency/ Governance

**Proposer's recommendation of governance route**

Self-Governance modification to proceed to Code Administrator Consultation

**Who can I talk to about the change?**

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## What is the issue?

EU Commission Regulation 2017/2196 established a network code on electricity emergency and restoration (NCER).

As part of this, the GB Transmission System Operator (NGESO) was required to submit the following proposals to Ofgem in accordance with *COMMISSION REGULATION (EU) 2017/2196 establishing a network code on electricity emergency and restoration (NCER)*;

- the terms and conditions to act as a Defence Service Provider on a contractual basis in accordance with Article 4;
- the terms and conditions to act as Restoration Service Providers on a contractual basis in accordance with Article 4.

Two proposals for NCER Article 4(4) have previously been sent to Ofgem, who requested amendments, that broad references in the mapping are replaced by detailed references to specific provisions of the Grid Code. Ofgem also requested the ESO define the possibility of and conditions for aggregation of the defence and restoration service providers to be resubmitted. The terms “Restoration Service Provider”, “Defence Service Provider” and “Significant Grid User” have been replaced by “GB parties”.

The NCER Article 4(4) further states that any amendment to these T&Cs needs to be consulted on with stakeholders for a period of not less than one calendar month.

On 13<sup>th</sup> July 2021 Ofgem published their decisions<sup>1</sup> on a number of submissions made by the NGESO to fulfil requirements set out under the NCER. This included their approval of the T&Cs noted above. Clarification of this point was sought from Ofgem who confirmed their decisions, and also on the basis that the T&Cs were mapped to obligations that had already been approved within the GB Frameworks.

## Why change?

A minor amendment needs to be made to the Grid Code to ensure this minimum consultation period is adhered to.

By making changes to the Grid Code Governance Rules we can capture the necessary minimum consultation period, which will ensure the NCER process is followed

This is similar to the process implemented as part of GC0132, updating the Grid Code governance process to ensure that for all future modifications to elements of the Code mapped to the Balancing T&Cs covered by the EBGL Article 18 process the Grid Code is aligned.

## What is the proposer’s solution?

A new table 2 has been added to the Governance Rules to capture mapping of NCER Article 4(4) T&Cs for system defence and system restoration service providers to the Grid Code. Additional minor changes have been made to Governance Rules for consistency.

## Draft legal text

Legal text changes details are as per separate document:  
"27\_Governance\_Rules\_I6R4.doc with GC0152 amendments"

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<sup>1</sup> [https://www.ofgem.gov.uk/publications/decision-ncer-proposals-regarding-tcs-sgu-list-and-high-priority-sgu-list?utm\\_medium=email&utm\\_source=dotMailer&utm\\_campaign=Daily-Alert\\_13-07-2021&utm\\_content=Decision+for+NCER+proposals+regarding+T%26Cs%2c+SGU+list+and+High+Priority+SGU+list&dm\\_i=1QCB,7GE8F,I7EWB4,UAS4J,1](https://www.ofgem.gov.uk/publications/decision-ncer-proposals-regarding-tcs-sgu-list-and-high-priority-sgu-list?utm_medium=email&utm_source=dotMailer&utm_campaign=Daily-Alert_13-07-2021&utm_content=Decision+for+NCER+proposals+regarding+T%26Cs%2c+SGU+list+and+High+Priority+SGU+list&dm_i=1QCB,7GE8F,I7EWB4,UAS4J,1)

## What is the impact of this change?

| Proposer's assessment against 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  | <b>Neutral</b>                                 |
| (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); | <b>Neutral</b>                                 |
| (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;  | <b>Neutral</b>                                 |
| (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  | <b>Positive</b><br>Ensures a compliant process |
| (e) To promote efficiency in the implementation and administration of the Grid Code arrangements   | <b>Neutral</b>                                 |

## Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories

| Stakeholder / consumer benefit categories     | Identified impact   |
|---|---|
| Improved safety and reliability of the system | <b>Neutral</b>  |
| Lower bills than would otherwise be the case  | <b>Neutral</b>  |
| Benefits for society as a whole               | <b>Neutral</b>  |
| Reduced environmental damage                  | <b>Neutral</b>  |
| Improved quality of service                   | <b>Positive</b><br>This modification improves the governance process by making it compliant with NCER |

**When will this change take place?****Implementation date**

As soon as possible

**Date decision required by**

As soon as possible

**Implementation approach**

Standard

**Proposer's justification for governance route**

Governance route: Self-Governance modification to proceed to Code Administrator Consultation

The modification is unlikely to discriminate between different Grid Code Parties and is unlikely to have a material effect on any of the Self-governance criteria.

This Modification should:

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

These are administrative changes to the Grid Code Governance Rules only and therefore we suggest that this Modification goes straight to Code Administrator Consultation.

| <b>Guidance on governance routes</b>  |   |  |
|---|---|--|
| <b>Timescales</b>   | <b>Route</b>                                    | <b>Who makes the decision (Governance type)</b>            |
| Normal  | Proceed to Code Administrator Consultation*     | Authority (Standard Governance) or Panel (Self-Governance) |
|   | Assessment by a Workgroup**                     |  |
| Urgent  | Proceed to Code Administrator Consultation      | Authority (Standard Governance)                            |
|   | Assessment by a Workgroup                       |  |
| Fast-track  | Straight to appeals window, then implementation | Panel (Self-Governance)                                    |
| <p>* This route is for modifications which have a fully developed solution and therefore don't need to be considered by a Workgroup.</p> <p>** For modifications which need further input from industry to develop the solution.</p>  |   |  |
| <b>Self-Governance Criteria</b>   |   |  |
| <p>It depends on the material effect of the modification as to whether it should be subject to Standard or Self-Governance. If you are proposing that your modification should be subject to Self-Governance, you must explain how it meets the below criteria.</p> <p>The modification is unlikely to discriminate between different Grid Code Parties and is unlikely to have a material effect on:</p> <ul style="list-style-type: none"> <li>Existing or future electricity customers;</li> <li>Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity,</li> <li>The operation of the National Electricity Transmission System</li> <li>Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies</li> <li>The Grid Code Panel's governance procedures or the Grid Code Panel's modification procedures</li> </ul> |   |  |
| <b>Urgency Criteria</b>   |   |  |
| <p>If you are proposing that your modification is Urgent, you must explain how it meets Ofgem's Urgent criteria (below). When modifications are granted Urgency, this enables the us to shorten the standard timescales for industry consultations. Note that the we (Code Admin) must seek Authority approval for this option.</p> <p>Ofgem's current guidance states that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:</p> <ul style="list-style-type: none"> <li>A significant commercial impact on parties, consumers or other stakeholder(s); or</li> <li>A significant impact on the safety and security of the electricity and/or gas systems; or</li> <li>A party to be in breach of any relevant legal requirements.</li> </ul>   |   |  |
| <b>Fast-Track Self-Governance Criteria</b>  |   |  |
| <p>This route is for modifications which are minimal changes to the code. E.g. Typos within the codes. If you are proposing that your modification should be subject to Fast-Track Self-Governance, you must explain how it meets the below criteria.</p> <p>The modification is a housekeeping modification required as a result of an error or factual change, such as:</p> <ul style="list-style-type: none"> <li>Updating names or addresses listed in the Grid Code;</li> <li>Correcting minor typographical errors;</li> <li>Correcting formatting and consistency errors, such as paragraph numbering, or;</li> <li>Updating out of date references to other documents or paragraphs.</li> </ul>   |   |  |

## Interactions

- |  |   |   |                                |
|--|---|---|--------------------------------|
| <input type="checkbox"/> CUSC                      | <input checked="" type="checkbox"/> BSC                       | <input type="checkbox"/> STC                    | <input type="checkbox"/> SQSS  |
| <input type="checkbox"/> European<br>Network Codes | <input type="checkbox"/> EBGL Article 18<br>T&Cs <sup>2</sup> | <input type="checkbox"/> Other<br>modifications | <input type="checkbox"/> Other |

This mod has been highlighted to Elexon, as the same clauses in mapping relate to BSC, as per modification P422 'Reflecting NCER Rules in the BSC' (Elexon) which recognises BSC rules need to comply with A18 paragraph 2.

## Acronyms, key terms and reference material

| Acronym / key term | Meaning                                  |
|--------------------|--|
| BSC                | Balancing and Settlement Code            |
| CUSC               | Connection and Use of System Code        |
| EBGL               | Electricity Balancing Guideline          |
| GC                 | Grid Code                                |
| STC                | System Operator Transmission Owner Code  |
| SQSS               | Security and Quality of Supply Standards |
| T&Cs               | Terms and Conditions                     |
|                    |  |
|                    |  |
|                    |  |
|                    |  |
|                    |  |
|                    |  |

## Reference material

- Add links to reference material

<sup>2</sup> If your modification amends any of the clauses mapped out in Annex GR.B of the Governance Rules section of the Grid Code, it will change the Terms & Conditions relating to Balancing Service Providers. The modification will need to follow the process set out in Article 18 of the European Electricity Balancing Guideline (EBGL – EU Regulation 2017/2195). All Grid Code modifications must be consulted on for 1 month in the Code Administrator Consultation phase, unless they are Urgent modifications which have no impact on EBGL Article 18 T&Cs. N.B. This will also satisfy the requirements of the NCER process.