

Grid Code Modification GC0086 Open Governance



March 2017

Grid Code

How will Grid Code Change?

- Open Governance
- Who can change the Grid Code?
- Proposer Ownership
- Self-Governance Modification Process
- Fast Track Modification Process
- Standard Modification Process
- Urgent Modification Process
- Panel Representation
- Workgroup

Grid Code Modification – GC0086

Open Governance – What does it mean?

Authority approval of modification GC0086, means **change** to Grid Code to introduce open governance. The changes include:

- **enabling participants** other than National Grid Electricity Transmission (NGET) to **formally propose code modifications**, including alternatives;
- a **revised Grid Code Panel membership and election process**;
- the appointment of an **independent Panel chair**, subject to Ofgem approval;
- the introduction of a **Self-Governance** process;
- provision of a **Panel recommendation** (or, in the case of self-governance, a decision) on **code modifications**;
- a **revised Significant Code Review (SCR) process to reflect** recent licence changes under **CGR3**
- a **process for urgent modifications**.

Grid Code

Who can propose a change to Grid Code?

A proposal to modify the Grid Code may be made:

- a) by **any User**; any **Authorised Electricity Operator** liable to be materially affected by such a proposal; the **Citizens Advice** or the **Citizens Advice Scotland**; or
- b) by the **Grid Code Panel** (Under GR.25.5); or
- c) by the **Authority**:
 - i. following publication of its **Significant Code Review conclusions**; or
 - ii. under **GR.17**; (*The Authority may develop a **Authority-Led Modification** in respect of a Significant Code Review, in accordance with the procedures set out in this GR.17*)
or
 - iii. in order to **comply with or implement the Electricity Regulation** and/or any relevant legally binding **decisions** of the **European Commission** and/or the **Agency**.

Grid Code

Proposer Ownership

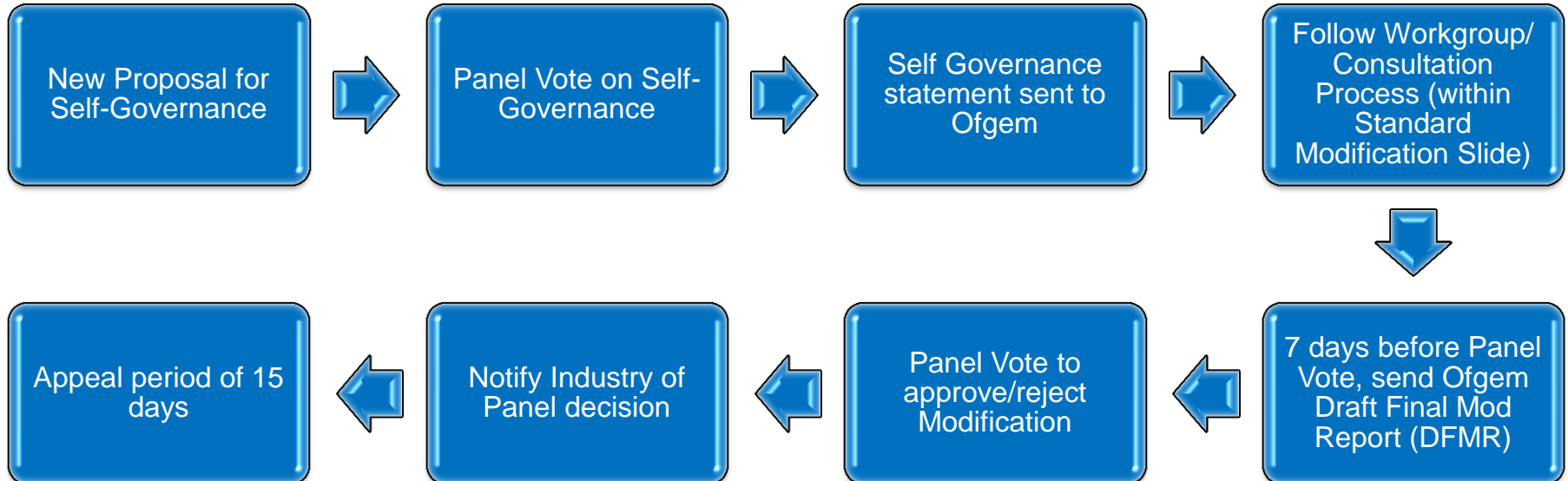
All modification proposals to Grid Code will be:

- **'Proposer Ownership'** which means that once raised by a party **no one else can amend their Proposal** (Objectives (the reason for the change) and solution).
- The Proposer should **indicate their preferred governance route** (including justification) as detailed on the Modification Proposal Form, i.e. Self-Governance, Requiring Authority decision, Urgent criteria and Fast Track
- The Proposer representative will be **responsible** for presenting their Proposal at the Panel **as well as attending Workgroup meetings** to support in writing the **Workgroup Report**.
- The **Code Administrator** will be responsible for writing (as required) the **Grid Code Modification Report to the Authority**

NB: Any **current Modification** which has not been submitted to the Authority will be **progressed under the new Governance Rules**.

Grid Code

What is the Self Governance Process?



All modifications are considered as Self-Governance unless the Panel believes they are sufficiently material so as to meet the requirements for referral for Authority Approval

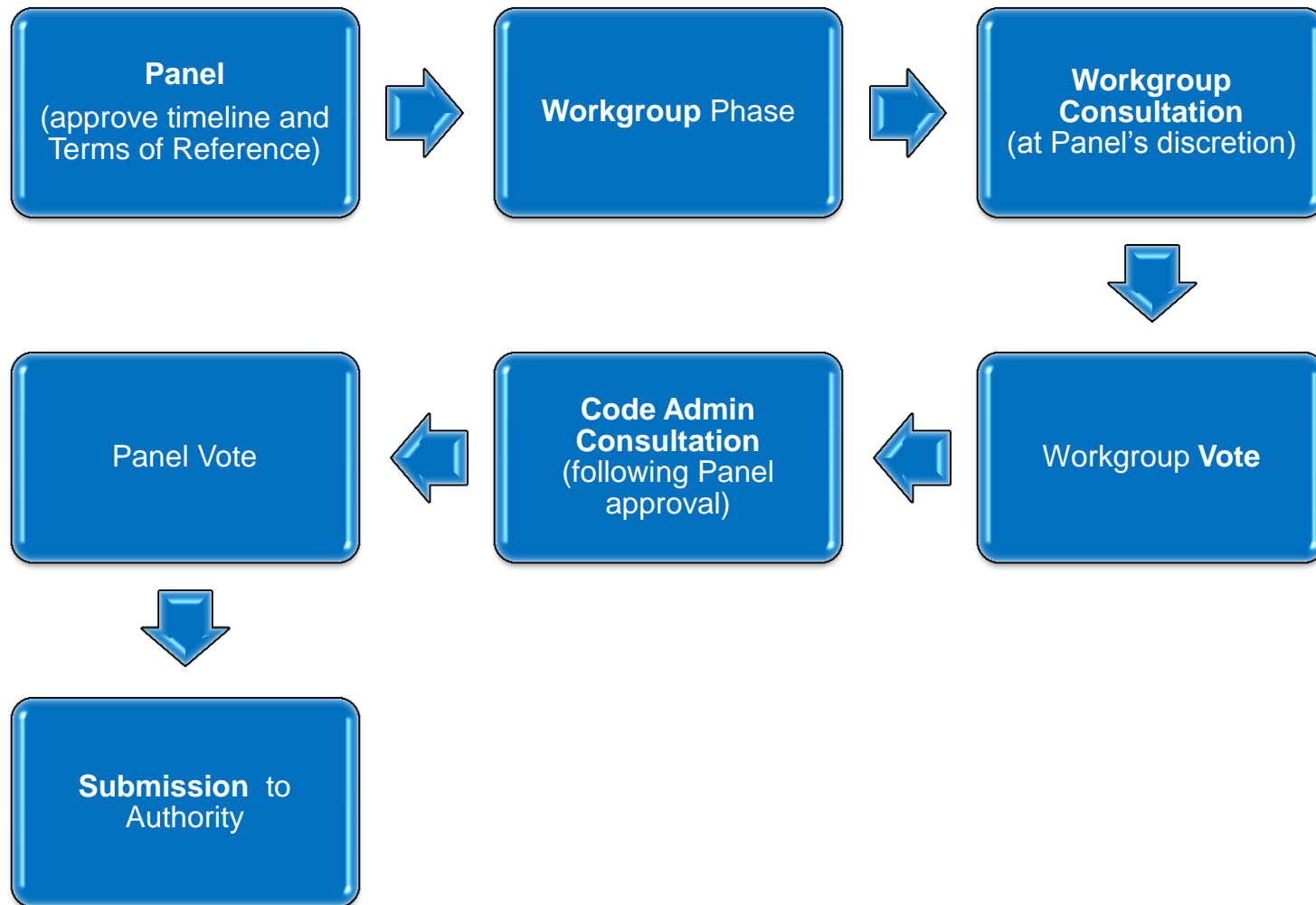
Grid Code

Self Governance Key Points

- **All modifications will be progressed under Self-Governance as a default unless requested by the proposer using the materiality criteria**
- **Self-Governance would be progressed** where it is determined by the Panel that a Proposal **does not require an Authority decision.**
 - **NB: All Self-Governance Modifications are subject to a Self-Governance Statement being submitted to the Authority**
 - **At any time** prior to the Grid Code Panel's determination the Authority **may provide written notice** that it **disagrees** with the **Self-Governance Statement**
- The **Grid Code Panel** will be **responsible for voting** and making the **final decision** on whether the proposed change is accepted and implemented or not.
- **Ofgem** have the **ability** to **veto** any Self-Governance Modification.

Grid Code

What is the Standard Modification Process?



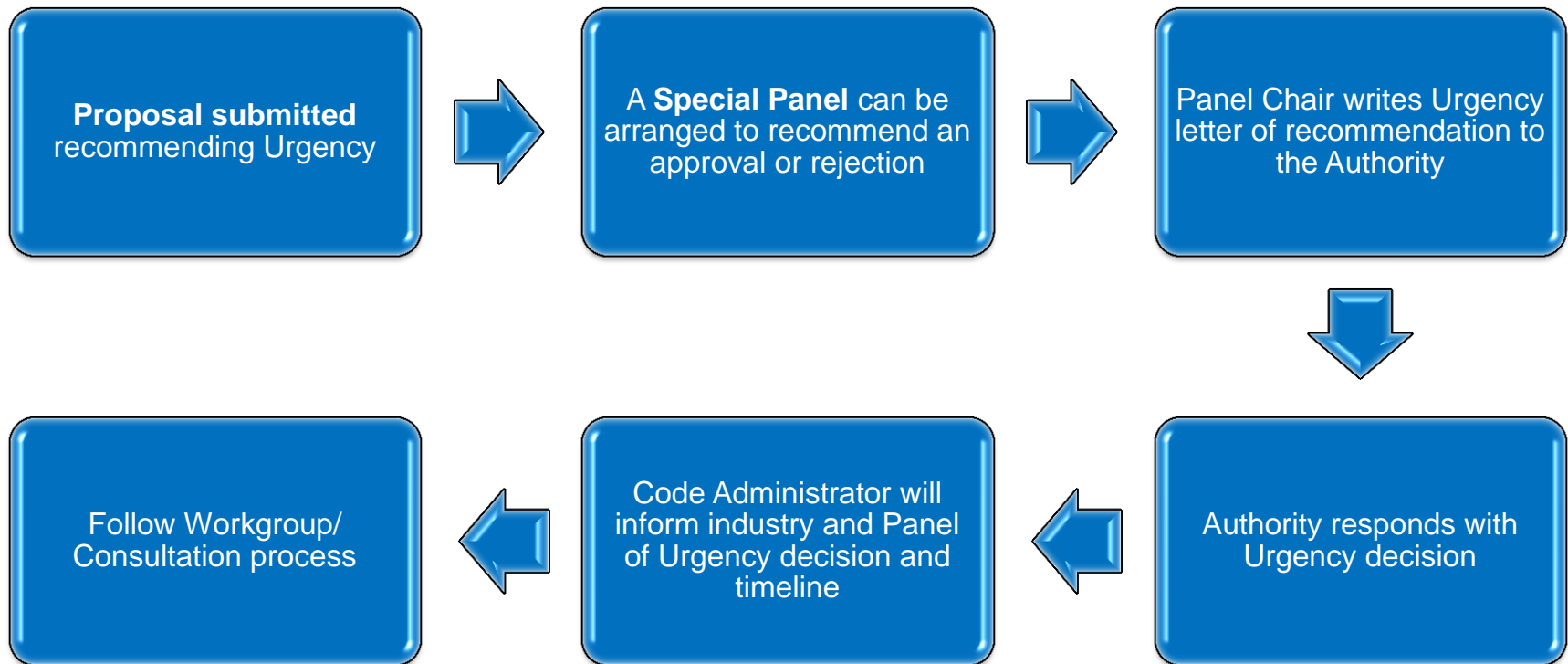
Grid Code

Standard Modification Key Points

- A Grid Code Modification Proposal that **does not fall within the scope** of a **Significant Code Review** subject to any direction by the Authority, **nor meets the Self-Governance Criteria** subject to any direction by the Authority.
- The **Panel** in conjunction with the Code Administrator will determine the **timeline, number of Consultations required** and agree **terms of reference**.
- At the **Workgroup** stage parties can raise an **alternative modification proposal** which has the support of the majority of Workgroup members or the **Workgroup Chairperson** as better meeting the Grid Code objectives.
- The **Workgroup vote** is an **informal** recommendation for the Panel and will be an element incorporated within the Report submitted to the Panel.

Grid Code

What is the Urgent Modification Process?



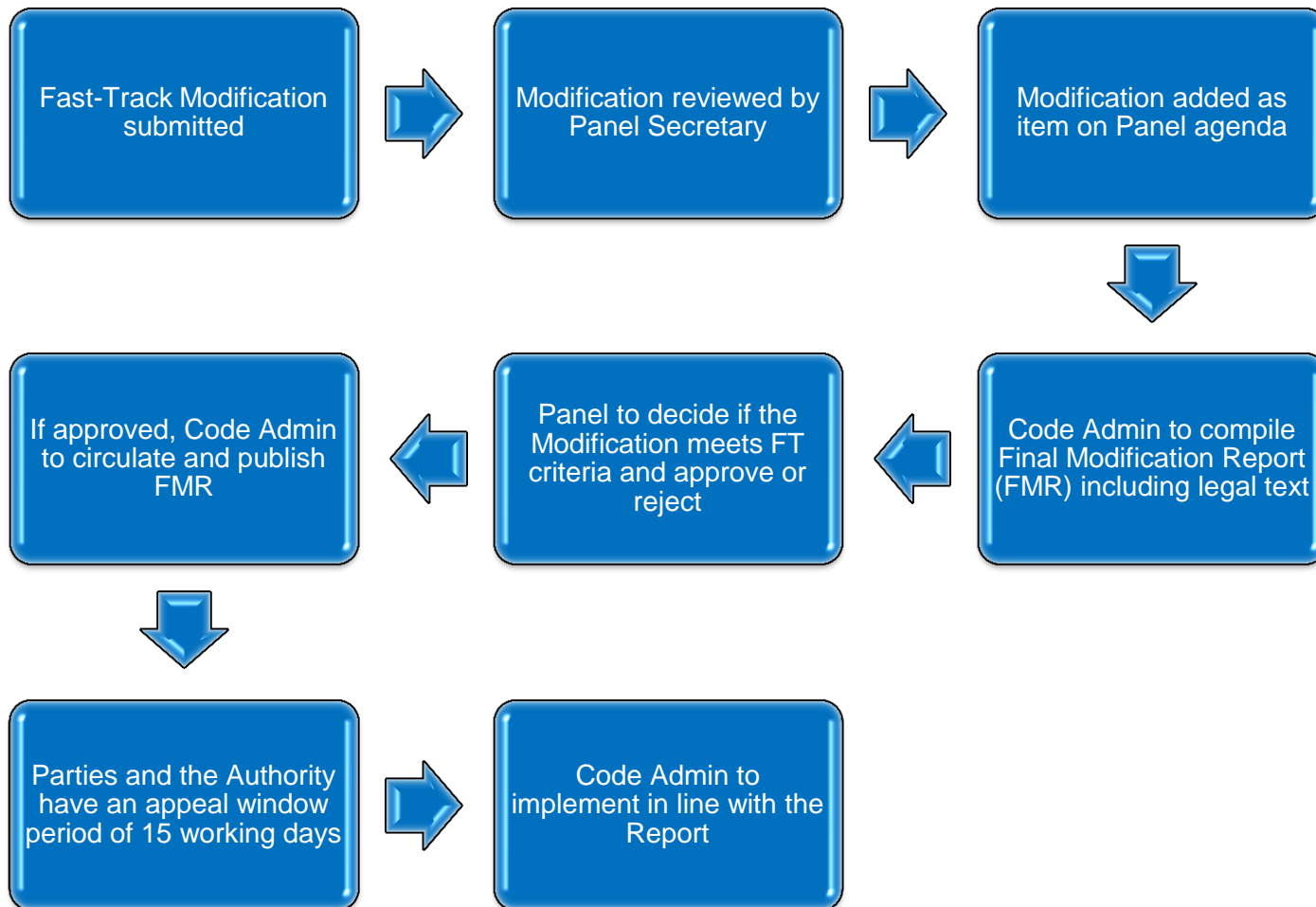
Grid Code

Urgent Modification Key Points

- An **Urgent proposal** may be raised whereby a Party feels that the **change needs to be progressed as a matter of Urgency** in accordance with the **Urgency criteria** (Appendix 3).
- The **Chairperson of the Panel** is initially **mandated** to determine the time before a Panel Meeting is required to be held.
- Following **designation** of a Modification **Proposal** as Urgent, **Panel Members** and **Industry participants** shall take **reasonable steps** to ensure **consideration, evaluation and implementation** (if approved by the Authority) of the proposal is undertaken **as soon as practicable**.
- This may mean **Urgent Special Grid Code Panel meetings** for which **Panel Members will be required to attend** throughout the **entire Modification process**.

Grid Code

What is the Fast Track Modification Process?



Grid Code

Fast Track Modification Key Points

- Fast Track Criteria (Appendix 4) means that a proposal, if implemented,
 - a) would meet the **Self-Governance Criteria**; and
 - b) is properly a **housekeeping modification** required as a result of some **error or factual change, including but not limited to**:
 - i. updating **names or addresses** listed in the Grid Code;
 - ii. correcting any **minor typographical** errors;
 - iii. correcting **formatting and consistency errors**, such as paragraph numbering; or
 - iv. updating **out of date references to other documents or paragraphs**;
- If the **Panel unanimously agree** that a proposal meets the **fast track criteria**, it can **proceed** and be **implemented without assessment** against the Grid Code Objectives (Appendix 1), consultation or an Authority decision.

Grid Code

What is the role of the appointed Grid Code Panel?

The Grid Code Panel shall endeavor at **all times** to operate:

- i. in an **efficient, economical** and **expeditious** manner, taking account of the **complexity, importance** and **urgency** of particular Grid Code Modification Proposals; and
 - ii. Agree **timelines and number of Consultations** for the **Workgroup** phase. The timetable for **Workgroup phase** shall be **no longer than six months**
 - iii. When a request is received a **recommendation** on the Self-Governance and Urgency criteria
 - iv. **Decision** on Fast Track and Self-Governance Modifications
 - v. **Recommendations** on Standard and Urgent Modifications
 - vi. A view to ensuring that the Grid Code **facilitates** achievement of the **Grid Code Objectives**.
- Panel Members are required to **act independently** as opposed to their parent company and will be **bound by the Panel Membership Agreement**.
 - The expectation for all **Grid Code Panel members** will be to have **completed pre-reading** in order to focus discussion on industry proposed modifications / recommendations

Grid Code

New Panel Composition

- The new composition of the Panel means a **reduction in size**.
- The Grid Code Panel will now be held on a **monthly basis** to assist with the expected high volume of modifications.
- To assist with effective meeting management the elected **alternate will only attend in the absence of the Panel Member** upon request
- If you wish to attend as an observer please contact the Code Administrator whom is responsible for managing meeting attendance

Grid Code

Who will be the Voting Grid Code Panel Members?

Role	Number of Seats	Number of Alternates	Elected/Appointed
National Grid Electricity Transmission (SO)	1	1 (Appointed by NGET)	Appointed
DNO	2	2 (Appointed by DNO's)	Appointed by DNO's - Industry Codes Technical Steering Group (ITCG)
Supplier Representative	1	1	Elected
Offshore Transmission Owner (OFTO) or Interconnector	1	1	Elected
Onshore TO	1	1	Elected
Generator	4	2	Elected
Consumer	1	1 (Appointed by Citizens Advice)	Appointed by Citizens Advice and Citizens Advice Scotland
Other	1	1 (Appointed by Chair or Authority)	Appointed by Chair or Authority (optional)
Total Votes	12		

Grid Code

Who are the Non Voting Grid Code Panel Members?

Role	Number of Seats	Elected/Appointed
Chair	1	Casting Vote only if independent, no vote if National Grid Chair
Panel Secretary	1	Can appoint alternative
Code Administrator	1	Can appoint alternative
Ofgem	1	Can appoint alternative
BSC Panel Representative	1	Can appoint alternative
Workgroup Chair (GCDF Chair)	1	Can appoint alternative
Total	6	

Grid Code

Panel Recommendation Voting

- Panel Members are required to **act independently** as opposed to their parent company and will be **bound by the Panel Membership Agreement**.
- Under this process, **each Member** would hold **1 vote**, which may pass on to an elected Alternate in their absence, or to another Member of their choosing named in the nominations process.
- Panel Members will **vote** in line with **the Grid Code Objectives** (Appendix 1) and their **justification will be recorded** in the Grid Code Modification Report.

Grid Code

What are the Panel Responsibilities?

- Panel Members, **or** their elected alternate, must **attend all Panel Meetings**.
- Panel Members will have a **responsibility to prioritise Modifications** based on the **complexity, importance** and **urgency**.
- Panel Members will be expected to **work closely with the Code Administrator and Chairperson**.
- The Panel must **commit to working towards Urgent timescales** as and when required; this includes attending 'Special' Panel Meetings.

Grid Code

What is the Panel Representative Election Process?

- The process for election of the Panel, commences in **March 2017**, with **membership appointments** in time for an **April 2017 Panel**.
- Each Party on the Electoral Roll may nominate a candidate to stand for election to the Panel.
- Candidates will be required to provide **supporting information with their nomination** including a biography and details of their expertise and experience.
- Each electoral roll member may have one vote for their constituency in a first past the post system.

Thereafter, elections will take place every two years to ensure a smooth process for the Grid Code Panel. NB: The next Election will be held for appointment on 31 December 2018

Grid Code

What is the Panel Representative Election Process?

Role outline of a Panel Member to be sent out	3 March 2017
Invitation to industry to nominate candidates	3 March 2017
Closing date for nominations	17 March 2017 - 17:00hrs
Circulation of Grid Code candidates and voting papers	22 March 2017
Voting papers to be submitted to the Code Administrator	By 5 April 2017 - 17:00hrs
Grid Code election results published	10 April 2017
Code Administrator to prepare and submit Election Report to the Authority	14 April 2017

Grid Code

Independent Panel Chair

- The Panel Chair shall be **independent** of the relevant Licensee, **appointed** by the **Code Administrator** and **subject to approval** by the **Authority**.
- The **Chair has a casting vote** for matters other than the Panel Recommendation Vote and an additional casting vote in event of a deadlock when the Panel is voting on a **Self-Governance Proposal**.
- A casting vote is **not necessary** in the event of a deadlock for a Modification requiring an Authority decision.
- During the transitional period the Code Administrator will continue to Chair the Panel until the **recruitment process** has been completed to identify a **new Independent Chair**.
- The recruitment process for the **Independent Chair** will be discussed with the new Grid Code Panel and the Authority will approve the appointment.

Grid Code

Workgroup, a new way of working

- To align approaches between the Grid Code Panel and Workgroup, and deliver in **an efficient, economical and expeditious** manner, all Grid Code **Workgroups** and the **Grid Code Development Forum (GCDF)** will be aligned to take place on **a single day**.
- In order to facilitate this change all **pre-reading material** will be circulated for comment **5 working days prior to the meeting**.
- The **Code Administrator** will Chair and provide a Technical Secretary for the GCDF and Workgroup as **back to back meetings on one day**.
- The expectation for **all** Workgroup Members will be to have **completed pre-reading** in order to focus discussion on industry participants queries of the Proposed Modification Solution.
- The **Workgroup Report** content will be **owned and developed** by all **Workgroup Members** with the expectation that the **Proposer will lead** on developing their **solution** and associated **legal text**.

Grid Code

Industry Engagement

Authority Decision	6 February 2017
Open Governance Industry Email	9 February 2017
Grid Code Development Forum	23 February 2017
WebEx/Teleconference	3 March 2017
TCMF	8 March 2017
BSC Panel	9 March 2017

We are continuing our industry engagement to connect with wider industry participants

Grid Code

What are the Key Changes?

Proposer Ownership

- The proposer owns their modification and only the proposer can change the modification
- All modifications shall be submitted on the Grid Code Modification Proposal template and should include proposed Legal Text
- Proposers represent their modifications through the Panel and any Workgroups

Modifications

- Any party can raise a modification to meet the Grid Code Objectives (appendix 1)
- There are four types of modifications: Urgent, Self-Governance, Standard and Fast Track Modifications
- Alternative modifications can be raised

Grid Code Panel

- Up to 12 Voting Members – cross energy industry representation
- Up to 6 Non Voting Members
- Elected alternate will only attend in the absence of the Panel Member upon request
- Monthly meetings to account for the increase of modifications

Workgroup

- Workgroups can be up to a maximum of six months
- Workgroups will develop the Proposal (including the Report) and any alternatives
- The expectation will be the Proposer leads on developing both solution and legal text
- Workgroups and GCDF will be combined and meet on a fixed day every month

Grid Code

Contact Information

- If you would like further general information in relation to Open Governance, or how you may be affected please email:
grid.code@nationalgrid.com

Appendices

Grid Code

Grid Code Objectives

- i. to permit the **development, maintenance and operation** of an **efficient, coordinated and economical system** for the transmission of electricity; Neutral
- ii. to **facilitate 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); Neutral
- 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; and Neutral
- iv. 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**.
- v. to **promote efficiency in the implementation and administration** of the Grid Code arrangements.

Grid Code

Self Governance Criteria

a proposed **Modification** that, if implemented,

a) is **unlikely to have a material effect** on:

- i. existing or future **electricity consumers**; and
- ii. **competition** in the **generation, distribution, or supply** of electricity or any **commercial activities connected** with the generation, distribution or supply of electricity; and
- iii. the operation of the **National Electricity Transmission System**; and
- iv. matters relating to **sustainable development, safety or security of supply**, or the **management of market or network emergencies**; and
- v. the **Grid Code's governance** procedures or the **Grid Code's modification** procedures, and

b) is **unlikely to discriminate** between **different classes** of **Users**

Grid Code

Urgency Criteria

The urgency criteria can be found on Ofgem's website:

https://www.ofgem.gov.uk/sites/default/files/docs/2011/05/ofgem-guidance-on-code-modification-urgency-criteria_0.pdf

Grid Code

Fast Track Criteria

Fast Track Criteria means that a proposal, if implemented:

- a) would meet the **Self-Governance Criteria**; and
- b) is properly a housekeeping modification required as a result of some error or factual change, including but not limited to:
 - i. updating **names or addresses** listed in the [Grid Code]
 - ii. correcting any **minor typographical** errors;
 - iii. correcting **formatting** and **consistency** errors, such as **paragraph numbering**; or
 - iv. updating **out of date references** to other **documents** or **paragraphs**.