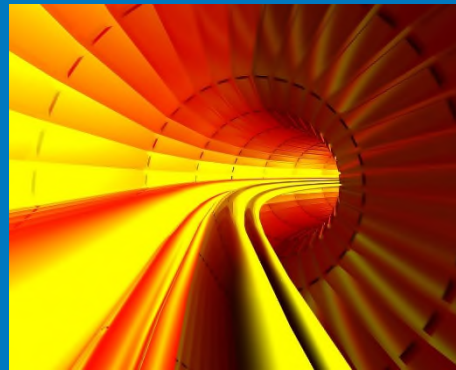
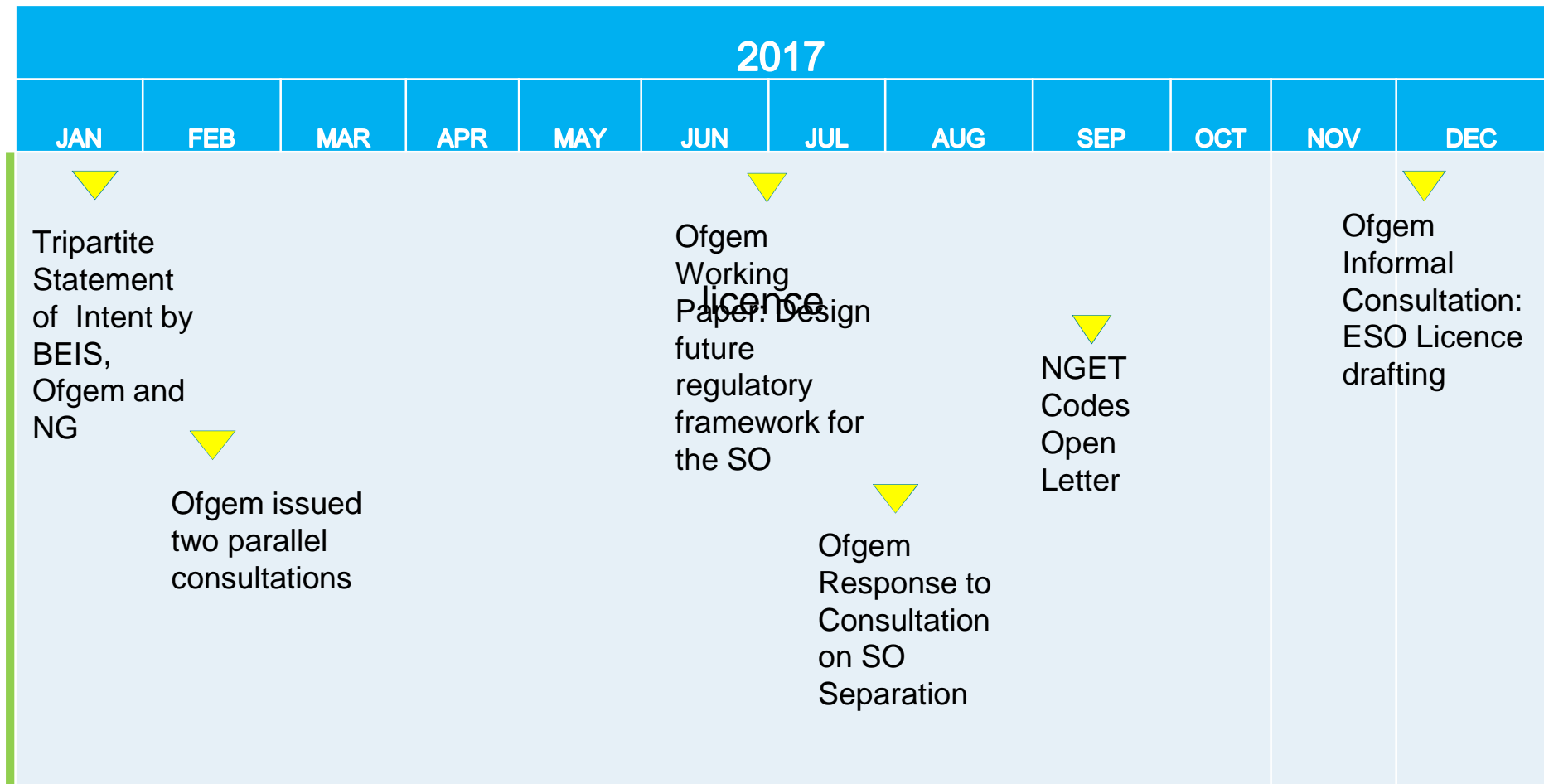


SQSS Panel SO/TO Legal Separation



John Martin
10 January 2018

Legal Separation Background



SO/TO Legal Separation - Modification Approach

- Industry codes will need to be modified to create a legally separate SO and associated novations
- A coordinated set of code of modifications utilising the normal GB code governance arrangements will be proposed by National Grid Electricity Transmission (NGET)
- Anticipate the effect of the Modifications on industry parties to be minimal
- If required open to cross code working to ensure best use of industry time

Impact to the SQSS

- High level view of the indicative SQSS changes to be included within the Modification for legal separation:
 - Entity changes from 'NGET' to 'NGESO' – primarily around the management of the transmission system
 - Adding a new definition for 'NGESO' – National Grid Electricity System Operator
 - Governance changes to the SQSS:
 - Panel Secretary appointed by NGESO
 - SQSS will be published on the NGESO website
 - Adding a new SQSS Panel representatives role for NGESO (i.e. mirroring the role held by NGET, SPT and SHE)
 - Require clarity on the process to update the SQSS industry governance framework
 - Ensure that the licence changes linked to the SQSS modification, could be completed inline with legal separation

Legal Separation – Next significant milestones

- Issue draft SQSS changes to the Panel for review/comment in early January
- Based on the current timeline NGET will submit the formal Modifications to the March 2018 Panel meeting
- Anticipated timescales for an Ofgem Modification decision September or October 2018
- Virtual Separation for National Grid from 1st October 2018 (in the absence of Licence and Code changes)
- Live separation 1st April 2019

Questions

John.martin2@nationalgrid.com or Box.ELSP@nationalgrid.com