

Future System Operator Draft Amendments to Other Impacted Licences Consultation

National Grid plc response

This response to Ofgem’s “Future System Operator Draft Amendments to Other Impacted Licences Consultation” dated 14 December 2023 (the consultation) is from National Grid plc (NG), on behalf only of our electricity distribution business, National Grid Electricity Distribution Holdings Limited (NGED), our transmission business, National Grid Electricity Transmission plc (NGET) and our interconnector business, National Grid Ventures (NGV). It does not cover the separate National Grid Electricity System Operator (ESO) business.

National Grid welcomes the opportunity to comment on the draft amendments to other affected licences, as a result of establishing the FSO, ahead of statutory consultation later this year. We look forward to continued collaboration with DESNZ and Ofgem in developing the proposals for the transition to a Future System Operator, which is consistent with our responsibilities to consumers, stakeholders and shareholders.

We are pleased to see the ambition stated in paragraph 2.10 of the consultation that licence conditions implementing the CSNP will form part of the FSO Day 1 licences. We would like to reiterate the importance of Ofgem taking a holistic approach changing both the FSO licence and the TO licences to introduce centralised strategic network planning. This will ensure that GB continues to have an integral set of network planning and development arrangements which functions across organisational boundaries. We are keen to work with Ofgem to assess the changes required to achieve this and would welcome further clarity on the timescales for developing these changes.

Specifically relating to the draft amendments to other licences, we have included detailed comments below, grouped by licence. We would welcome clarity on how changes to Associated Documents (guidance, reporting requirements, governance documents, methodology documents etc.), that are referred to within and must be read alongside and complied with by virtue of several of the Standard and Special Conditions, will be considered and implemented. Whilst it is recognised that there may be little impact on these Associated Documents as a result of the designation and licensing of the FSO, it would be helpful to understand what process will be used for reviewing the Associated Documents and, where relevant, what route will be used for updating them with necessary consequential amendments.

Ahead of statutory consultation we would be happy to discuss any of these points in more detail.

Electricity Transmission Standard Conditions, Condition A1, Paragraph 1, Definition of “transmission area”

Although not directly linked to FSO licence changes we would note that the definition of “transmission area” should be updated as part of the housekeeping exercise as the special condition 1B currently referred to in the definition no longer exists.

The definition should be updated to read “means the area specified in special condition 1.1 of the licensee’s transmission licence”.

Electricity Transmission Special Conditions, Special Condition 1.1, Table of Definitions, need to define “Transmission Owner Activities”.

As paragraph 9.7.10 (o) of Special Condition 9.7 is being amended to refer to “Transmission Owner Activities” in place of “Transmission Business Activities” and the definition of “Transmission Business Activities” is, as a result, being deleted from Special Condition 1.1 then the term “Transmission Business Activities” needs to be defined in Special Condition 1.1. It should be defined as “has the meaning given to that term in Standard Condition B1 (Regulatory Accounts)”.

ELECTRICITY INTERCONNECTOR LICENCE: STANDARD CONDITIONS

We would note that “Electricity System Operator Licence” should be capitalized throughout the document as it is a defined term.

Condition 1. Definitions and interpretation, Clause 1(6):

The words in 1(6)(e), “shall, if these conditions or the standard conditions in question come to be modified, be construed, so far as the context permits, as a reference to the corresponding provision of these conditions or the other standard conditions in question as modified.” should come after the new clause 1(6)(f) in the document.

Hence the whole clause should read,

“Clause 1(6):

Any reference in these conditions to:

- a. a provision thereof;
- b. a provision of the standard conditions of electricity supply licences;
- c. a provision of the standard conditions of electricity distribution licences;
- d. a provision of the standard conditions of electricity transmission licences; or
- e. a provision of the standard conditions of electricity generation licences; or
- f. a provision of the conditions of the electricity system operator licence, shall, if these conditions or the standard conditions in question come to be modified, be construed, so far as the context permits, as a reference to the corresponding provision of these conditions or the other standard conditions in question as modified.”