

FSO Codes Change Programme – statutory consultation on modifications to industry codes to implement the Independent System Operator and Planner (ISOP)

National Grid plc response

This response to Ofgem’s “statutory consultation on modifications to industry codes to implement the Independent System Operator and Planner (ISOP)” dated 22 May 2024 (the consultation) is from National Grid plc (NG), on behalf only of our electricity distribution business, National Grid Electricity Distribution 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 is grateful for the opportunity to respond formally to the consultation on code changes for ISOP implementation and for the ongoing collaboration that has taken place through the code working groups. We look forward to continued engagement and reviews to ensure that the codes remain aligned with the ISOP implementation.

We are content with the Institutional package of code changes proposed to the relevant codes in terms of updating definitions and licence reference as listed in the consultation document.

We welcome the additional detail provided for the other packages of changes regarding National Security and Advisory and Information Requests, which address some of the concerns we have raised previously in response to the Ofgem and DESNZ statutory consultation on NESO licences earlier this year.¹

Below are our answers to the questions posed in the consultation.

Consultation Questions

Questions not related to National Security (The Relevant Authority is GEMA)

Q1 Does the package of proposed code changes meet the objectives of the FSO CCP?

Yes, we are content that the proposed package of code changes meets the objectives of the FSO CCP, where this is currently focussed on the implementation of ISOP and Day 1 activities. We look forward to continued engagement on other modifications as necessary.

Q2 Do you have any other views or comments relating to the proposed modifications to the Codes (excluding those modifications relating to National Security)

We do not have any further comments relating to the proposed modifications regarding the package of institutional changes proposed.

Regarding the proposed standard code clause dealing with ISOP information requests, we would like to reiterate our main points included in our response to the recent ESO consultation on the details of the information request statement² and the Ofgem/DESNZ consultation on NESO licences.¹

These include the importance of information requests being used proportionately and only where necessary, noting that the importance of informal and collaborative engagement is recognised by the ESO. We are also seeking further clarification on the escalation process and suggest that such a process should be able to accommodate constructive discussions between the parties as to whether all information sought is necessary or possible to share. We would welcome further engagement on these aspects to ensure that an efficient and effective process can be established.

¹ [National Energy System Operator \(NESO\) licences and other impacted licences: statutory consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/national-energy-system-operator-neso-licences-and-other-impacted-licences-statutory-consultation)

² [PowerPoint Presentation \(nationalgrideso.com\)](https://www.nationalgrideso.com/powerpoint-presentation)

Questions related to National Security (The Relevant Authority is the Secretary of State for the Department)

NS.Q1 Do you have any views on the representation of licence condition B4 (Compliance with directions related to national security) in the Codes?

In our response to the statutory consultation on NESO licences, we raised concerns about the lack of clarity regarding how a direction from the Secretary of State relating to National Security would impact other parties' ability to maintain compliance with industry codes and how these parties would be relieved of those obligations.

We welcome the proposed clause for inclusion in the codes which acknowledges that a direction from the Secretary of State relating to National Security has both the potential to render the ISOP and 'Users' non-compliant with code requirements. We are pleased to see that in such circumstances, obligations under the code would be suspended without liability where and to the extent that the User is unable to comply with any such obligation as a result of any action taken, or not taken, by the ISOP to comply with a direction.

Subject to the recommendations being ratified, we would welcome engagement with NESO and the other TOs, DNOs, and other code parties including those that do not have a direct relationship with ESO (for example, where NGED acts as an intermediary between our customers and NESO), to elaborate on the coordination processes necessary to support NESO reacting to a National Security direction.

NS.Q2 Can you give examples where exceptional cost would be incurred by a 'bystander' party (wholly unrelated to the subject of the direction), which would not have been incurred but for a direction given by the Secretary of State to NESO?

We do not have any examples of costs incurred to 'bystanders' that could result from a direction from the Secretary of State relating to National Security. We welcome the Department's commitment to keep this under review once NESO is in operation.

NS.Q3 Do you have any other views or comments relating to the proposed modifications to the Codes relating to National Security?

We have no further comments on these proposals.