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6th November 2024

Dear Carmel,

Response from National Grid Electricity Transmission (NGET) plc to the Statutory consultation on proposed modifications to the electricity system operator and electricity transmission licences - SQSS Code Maintenance

We have noted the statutory consultation published on 8 October 2024 and have set out our understanding of both the rationale for the proposals, and the proposed licence changes necessary to achieve those aims, below.

We understand that the proposals, as outlined in the statutory consultation, are intended to:

- place obligations on the National Energy System Operator (NESO) to maintain the National Electricity Transmission System Security and Quality of Supply Standard (SQSS).
- constitute the SQSS as a 'qualifying document' within the meaning of paragraph 1(1) of Schedule 12 to the Energy Act 2023 through formalisation through the NESO licence. This would enable Ofgem to use its transitional powers under the Energy Act 2023 to implement code reform, e.g. allowing Ofgem to modify codes, licences and contracts for specific purposes, following consultation with relevant persons.
- transfer existing obligations relating to the SQSS from NGEN's transmission licence to NESO's electricity system operator licence.

The proposed consequential changes to the electricity transmission licence (which are intended to facilitate this proposal, and to clarify the cross-referencing between relevant standard conditions of the electricity transmission licence and electricity system operator licence) are to:

- reflect Ofgem's proposed changes to SLC E7 of the electricity system operator licence, by updating the paragraph numbering in SLC D3 and SLC E16 of the ETOS.
- insert a paragraph reference into SLC D3(4) and SLC E16(2) of the transmission licence to clarify the connection between these conditions (which require onshore and offshore transmission owners to provide information to the ISOP for its report to the Authority on system availability, security, and

service quality) and the connect and manage derogation arrangements detailed at SLC E7.6 of the electricity system operator licence.

We have one minor comment on the proposal. There is a slight inconsistency in the proposed change to NESO licence at 7.3 where the reference in this condition is to 'SQSS' with the acronym explained in the header to this section 'Part A: National Electricity Transmission System security and quality of supply standard (SQSS)'. This convention could be adopted in the TO licence D3 heading and D3.1 and E16.1.

In addition, whilst recognising that the proposed changes are not intended to cover this matter, we feel that the SQSS needs more fundamental modification to better align existing industry processes and the SQSS's overarching obligations. We have raised these concerns with NESO and, whilst NESO acknowledges the need to review, we are yet to see a clear timeline and plan. We think this is particularly required in the context of significant network planning activities (connections reform, SSEP, etc) planned to be undertaken in 2025 that require a consistent approach to network assessment to provide a consistent set of network reinforcements.

Yours sincerely,

A handwritten signature in grey ink that reads 'AM Clark'.

Michelle Clark

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(by email)