



Mr Duncan Burt
GCRP Chairman
National Grid Electricity Transmission plc
National Grid Transco House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

*Bringing choice and value
to customers*

Your Ref:
Our Ref: blm / I07 057
Direct Dial: 020 7901 7366
Email: john.scott@ofgem.gov.uk

23 October 2007

Dear Duncan

**REVIEW OF THE GRID CODE : DECISION AND NOTICE IN RELATION TO
CONSULTATION E/07 (DATA EXCHANGE PROVISIONS)**

The Gas and Electricity Markets Authority (the "Authority")¹ has carefully considered the changes that NGET² has proposed to its Grid Code as set out in the report to the Authority arising from consultation E/07 (Data Exchange Provisions)³ that has been submitted to it for approval.

The Authority has decided to approve the proposed changes to the Licensee's Grid Code (the "Grid Code") as set out in the Appendix A of the report to the Authority arising out of Consultation E/07. In conjunction the Authority has decided to direct the amendments to the Grid Code as set out in Appendix 1 to this letter.

This document explains the background to the proposals and sets out the Authority's reasons for its decision to approve these changes to the Grid Code. This letter constitutes notice by the Authority under Section 49A of the Electricity Act 1989 in relation to this decision.

Background to the proposed changes to NGET's Grid Code

Under the System Operator – Transmission Owner Code ("STC"), NGET is required to provide specific User Data that it receives under the Grid Code, to the Transmission

¹ Ofgem is the office of the Authority. The terms "Ofgem" and "the Authority" are used interchangeably in this letter.

² National Grid Electricity Transmission plc

³ Report from NGET – Consultation Reference E/07, Issue 1, Date of Issue 9 October 2007,
<http://www.nationalgrid.com/NR/rdonlyres/FB55222F-4CA0-449C-9F70-88C556508E6C/20521/ReporttotheAuthorityE07.pdf>.

Owners⁴. The Grid Code currently limits the scope of User Data that NGET may disclose to other parties. The Grid Code limits apply to data that may be provided to Transmission Owners under the STC.

This proposed Grid Code change would amend the scope of User Data that NGET is permitted to disclose to Transmission Owners to reflect recent STC changes and also decisions in respect of three further STC amendment proposals (CA23, CA24 and CA26).

The E/07 Grid Code change proposal was discussed at an Extra Ordinary Grid Code Review Panel ("GCRP") meeting on 31 July 2007. GCRP agreed that NGET should consult on the proposed Grid Code change as an interim solution. GCRP also agreed that a working group should be established to develop proposals for enduring arrangements.

NGET received four responses to Consultation E/07 from authorised electricity operators. NGET reported that:

- All respondents were supportive of the proposed Grid Code changes.
- Three respondents agreed that there was a need to develop a more efficient process for the longer term.
- One respondent considered that the current arrangements are sustainable in the longer term given the limited number of changes to data exchange between NGET and Transmission Owners that is likely to be needed.
- One respondent stressed that Transmission Owners need to have access to relevant User Data in order to be able to discharge transmission licence obligations.

Ofgem notes the following points in the responses to NGET's E/07 consultation and that:

- There was general support for the proposed Grid Code change.
- NGET considers that the proposed Grid Code change is an appropriate interim solution.
- NGET noted that a reference in the Grid Code to a specific version of the STC is not appropriate in the longer term due to administrative complexities in aligning the separate and different governance arrangements for the Grid Code and STC.
- User respondents accept that Transmission Owners require some User Data.
- Respondents highlighted the need for robust processes to ensure that Users can monitor the scope of User Data that NGET may disclose to Transmission Owners.
- One respondent considered that the current Grid Code and STC governance arrangements allow for joint working arrangements to be put in place.
- One respondent noted that data needed by Transmission Owners under the STC will not contain any commercially sensitive material.

NGET's recommendation

In its report⁵ to the Authority on Consultation E/07 NGET set out the drafting for proposed changes to the Grid Code. It recommended that the Authority approved the proposed changes.

⁴ SP Transmission Limited and Scottish Hydro-Electric Transmission Limited.

⁵ As required by C14.2.a

Ofgem's view

Approval of these changes by the Authority is required by standard condition C14(3). Having carefully considered the NGET's report on the proposed changes, Ofgem considers that, having had regard to the licensee's obligations⁶ set out in condition C14(1)(b) of the Transmission Licence ("the obligations") and Ofgem's wider statutory duties⁷, that the proposed changes to the Grid Code should be approved by the Authority. Ofgem's reasons for reaching this decision are outlined below.

We have previously acknowledged that Transmission Owners need access to some User Data in order to discharge statutory and licence obligations in respect of transmission system planning. We note that new working arrangements were put in place when BETTA⁸ was implemented and that Transmission Owners only have access to User Data which is provided by NGET in accordance with STC obligations. We also note that transmission licensees are required to keep the STC under review.

We have previously recognised user concerns about disclosure of data submitted under the Grid Code to Transmission Owners. Whilst Transmission Owners have licence obligations which restrict the use that they can make of User Data, a further measure was included in the Grid Code to provide Users with greater visibility of any proposed changes to the scope of User Data provided to Transmission Owners.

We note that this proposed Grid Code change will align the scope of User Data exchange that is permitted under the Grid Code with the scope of data exchange that is required under the STC. We consider that this Grid Code change will better facilitate the development of an efficient, co-ordinated and economical system for transmission of electricity. We also acknowledge that the proposed Grid Code change maintains the current level of transparency in respect of User Data that NGET is permitted to disclose under the STC.

We appreciate NGET's proposal to link this Grid Code change with the version of the STC that reflects our decisions on three further STC amendment proposals. We note that decisions in respect of these three STC amendment proposals have been issued.

The Authority's decision

Based on the reasons set out above the Authority has therefore decided to approve the Grid Code changes set out in Appendix A of the report submitted to the Authority arising from Consultation E/07 (Data Exchange Provisions). In conjunction it has decided to direct the amendments set out in Appendix 1 that reflect the version of the STC following decisions in respect of STC amendment proposals CA 23, CA 24 and CA 26.

⁶ The licensee's transmission licence defines the Grid Code objectives as follows:

- (i) to permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the transmission of electricity;
- (ii) to facilitate competition in the generation and supply of electricity (and without limiting the foregoing, to facilitate the GB 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); and
- (iii) subject to sub-paragraphs (i) and (ii), to promote the security and efficiency of the electricity generation, transmission and distribution systems in Great Britain taken as a whole.

⁷ Ofgem's statutory duties are wider than the matters that the NGET has to take into consideration and include amongst other things a duty to have regard to social and environmental guidance provided by Ofgem to the government.

⁸ British Electricity Trading and Transmission Arrangements.

The implementation date for these Grid Code changes is five business days after the Authority's decision which is 30 October 2007.

Please do not hesitate to contact me on the above number if you have any queries in relation to the issues raised in this letter or alternatively contact Bridget Morgan on 020 7901 7080.

A handwritten signature in black ink that reads "John Scott". The signature is written in a cursive style, with the first name "John" and the last name "Scott" clearly legible. There is a horizontal line drawn underneath the signature.

Yours sincerely

John Scott
Technical Director

Signed on behalf of the Authority and authorised for that purpose by the Authority

cc: Richard Dunn, GCRP Secretary

Appendix 1 – Amendment to Changes Proposed in the Report to the Authority Arising from Consultation E/07 (“Data Exchange Provisions”)

PLANNING CODE

PC.1 INTRODUCTION

- PC.1.1 The **Planning Code** (“PC”) specifies the technical and design criteria and procedures to be applied by **NGET** in the planning and development of the **GB Transmission System** and to be taken into account by **Users** in the planning and development of their own **Systems**. It details information to be supplied by **Users** to **NGET**, and certain information to be supplied by **NGET** to **Users**. In Scotland, **NGET** has obligations under the **STC** to inform **Relevant Transmission Licensees** of data required for the planning of the **GB Transmission System**. **NGET** may pass on **User** data to a **Relevant Transmission Licensee** where **NGET** is required to do so under a provision of the **STC** current as at 29 October 2007. Those categories of **User** information that **NGET** is permitted to disclose to a **Relevant Transmission Licensee**, where required to do so by a provision of the **STC**, are set out in Schedule Three of the **STC** (‘Information and data exchange specification’).

Deleted: [date to be agreed]

Deleted: 1 April 2005

GENERAL CONDITIONS

GC.12 CONFIDENTIALITY

- GC.12.1 **Users** should note that although the **Grid Code** contains in certain sections specific provisions which relate to confidentiality, the confidentiality provisions set out in the **CUSC** apply generally to information and other data supplied as a requirement of or otherwise under the **Grid Code**.
- GC.12.2 **NGET** has obligations under the **STC** to inform **Relevant Transmission Licensees** of certain data. **NGET** may pass on **User** data to a **Relevant Transmission Licensee** where **NGET** is required to do so under a provision of the **STC** current as at 29 October 2007. Those categories of **User** information that **NGET** is permitted to disclose to a **Relevant Transmission Licensee**, where required to do so by a provision of the **STC**, are set out in Schedule Three of the **STC** (‘Information and data exchange specification’).

Deleted: [date to be agreed]

Deleted: 1 April 2005