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Dear Mark

### **Review of industry codes governance**

The Grid Code Review Panel (GCRP) welcomes the opportunity to respond to the review of industry codes governance. The Grid Code, established in 1990, covers the technical aspects (generally speaking, standards) that parties must adhere to in relation to the connection of, operation of and use of the GB Electricity Transmission System. The Grid Code is administered by National Grid and reviewed by an independent panel whose membership comprises representation from all main types of industry participant.

### **Is it time to look again at the effectiveness of code governance?**

We agree that now is an appropriate time to review the effectiveness of code governance in the light of recent statutory changes and to ensure code governance is aligned with Ofgem's decision making criteria.

We believe the issues outlined within the open letter should fall within the scope of the review and addressing these issues should allow industry participants to identify whether improvements can and should be made to the existing governance regimes.

We would advocate that the review and any consequential changes to the governance arrangements should be reflective of the individual code dynamics i.e. the code governance should reflect the nature of the code and the role it undertakes.

The Grid Code governance framework promotes and facilitates a collaborative industry approach to the development of proposals to technical issues. It allows and actively encourages informed industry debate through the formal code amendment process, which is reflected in the timescales permitted to process amendments. This enables amendments to be continuously developed, discussed by the industry throughout the amendment process and where at all possible a consensus viewpoint reached prior to the submission of the final proposal to the Authority for determination.

The governance framework also enables the Authority to direct minor, immaterial changes to the proposals where deemed appropriate. This facility avoids the need to reject important industry changes on the basis on minor errors in legal text etc.

The active participation of all interested parties, including the Authority at an early stage, has been important in achieving an effective outcome to complex technical issues.

### **Critical Analysis of Modification Proposals**

We agree that it is important for amendment reports, submitted to the Authority for determination, to be well argued and contain effective analysis and would welcome any additional guidance from Ofgem regarding this matter.

### **The relevance of the code objectives – are they still fit for purpose**

We support the review of the code objectives and agree that the wider statutory framework has changed since the relevant objectives were developed. We note that the Grid Code objectives are currently specified in National Grid's Electricity Transmission Licence and focus on the economic and efficient requirements in terms of price and technical considerations.

### **Other Issues**

We believe that the other issues indicated in the open letter are valid issues to be considered by the review. We note that the GCRP structure has been amended since its initial conception such that it remains reflective of significant industry changes e.g. introduction of BETTA, development of renewable technologies. The GCRP also agrees that the cross governance arrangements between the codes is an important issue which would benefit from a formal review.

In summary the GCRP is supportive of Ofgem's proposal to conduct a formal review of the industry codes governance. We would advocate that any review should keep in mind the individual code dynamics and, in the case of the Grid Code framework, the benefit of having flexible and transparent governance arrangements which best protect the customer interest and promote efficiency and effective competition.

If you wish to discuss this further or have any queries, please contact me on 01926 656703.

Yours sincerely

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