

Dipen Gadhia  
Ofgem  
9 Millbank  
London  
SW1P 3GE

David Smith  
Grid Code Review Panel Chairman

[David.M.Smith@uk.ngrid.com](mailto:David.M.Smith@uk.ngrid.com)  
Direct tel 01926 655534

[www.nationalgrid.com](http://www.nationalgrid.com)

16<sup>th</sup> January 2009

Dear Dipen

### **Review of Industry Codes Governance – Environmental and Code Objectives**

The Grid Code Review Panel (GCRP) welcomes the opportunity to respond to the review of industry codes governance – environmental and code objectives. The Grid Code, established in 1990, covers the technical aspects 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 and maintained by National Grid Electricity Transmission and reviewed by an independent panel whose membership comprises representation from all the main categories of industry participants.

### **Should there be an express requirement on Code panels and industry to consider carbon costs?**

The GCRP considers that the existing legal framework enables the assessment of an amendment proposal to take into account the impact which it may have in terms of carbon emissions costs. However, the Panel does not believe that such an assessment is obligatory and any mandatory requirement imposed would reduce the ability to consider each amendment on a case by case basis and undertake an assessment which is both appropriate and proportionate to the issue in hand.

However given the different nature of the licence conditions as they apply to different Codes and different licensees, it is possible that different licensees may interpret existing licence requirements inconsistently. Similarly, while the existing rules may be capable of being construed so as to require licensees, when assessing code amendment proposals, to consider not only the impact on a particular licensee but also on others this is not clearly brought out by the existing provisions.

That said, in line with Ofgem's environmental guidance, the GCRP will ensure that carbon costs are taken into account during the development and assessment of Grid Code amendment proposals, where appropriate.

Furthermore, the GCRP, at the February 2009 panel meeting, will consider the CUSC Environmental Standing Group report and reach agreement on how best to incorporate the associated recommendations and guidance into the Grid Code governance framework.

### **Consideration of Broader Environmental Issues**

As stated in Ofgem's letter the Grid Code does not currently assess or take account of broader environmental impacts such as impacts on visual amenity, local air quality, the natural landscape, noise pollution and flora and fauna, when developing and assessing amendment proposals. This wider, in-depth, environmental assessment is considered by the relevant licensees in accordance with their obligations under the Electricity/Utilities Act and the more general planning consent processes.

The GRCP considers that the existing obligations, specified in the Act, are sufficient and appropriate in ensuring adequate and informed consideration of broader environmental aspects.

Therefore the appropriateness of a wider environment assessment being considered by the GCRP is questionable given that:

- i) in the event of any materiality being associated with a Code amendment proposal, the wider environmental impact would be captured by the relevant licensee (who would be obliged to comply with the Grid Code requirements) via their obligations under the Act as stated earlier;
- ii) such an evaluation would require specialist expertise which the Grid Code and GCRP currently does not have access to. This type of assessment would also require sufficient time being allocated within the governance framework to facilitate, conduct and evaluate such a comprehensive review; and
- iii) consideration of these other matters are properly reserved to the planning and other specialist authorities charged with considering these issues under other legislation (such as the Planning Acts).

In summary, the GRCP believes:

- i) that the existing framework is suitable and new licence provisions are not required; and
- ii) the scope of assessment should not be expanded to include broader environmental and public policy issues.

Should you wish to discuss any aspect of this response, please do not hesitate to contact me.

Yours sincerely

David Smith  
Grid Code Review Panel Chairman