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Dear Mark

The “timing-out” of Authority decisions on modification proposals

Thank you for the opportunity to respond to the Open Letter regarding the “timing-out” of Authority decisions on modification proposals. This response is on behalf of National Grid Electricity Transmission plc (NGET) and National Grid Gas plc (NGG). NGET owns the electricity transmission system in England and Wales and is the GB System Operator. NGG owns and operates the Gas Transmission System and also owns four of the Gas Distribution Networks.

In summary, National Grid would suggest that the current arrangements work well, with little evidence to support a significant issue with the “timing-out” of decisions. In particular, we believe that no additional flexibility is required for the UNC arrangements. However, we accept that flexibility may be valuable in those instances where timing out is a risk under the CUSC, BSC or STC. We believe this flexibility should be in the form of a referral from the Authority to the relevant panel(s) for an extension of the timetable. The relevant panel(s) can then fully consider the implications of such an extension and take the appropriate steps.

In response to the questions raised in the Open Letter:

Whether Restriction of changes to these three codes is merited or also applicable to other Codes

Whilst we accept that there may be merit in discussing the applicability of proposed changes to the BSC, UNC and CUSC, we would like to stress at this point that we believe no change is required to the current Grid Code arrangements. The arrangements for the Grid Code are already flexible in that the Grid Code report does not include specification of an implementation date. Rather, implementation dates are proposed by NGET on request by the Authority when they are in a position to formally publish their decision. Therefore, additional flexibility is not required under the Grid Code as it already exists through either not specifying the implementation date, or not fixing an implementation date until the Authority review is completed.

With regards the STC, the arrangements are similar to the CUSC, in that for the majority of amendments, following approval, implementation is recommended within a certain timescale. However, where an amendment needs to be implemented at a certain time the STC committee will recommend that an Authority determination is made before a certain date. Given these similarities it would seem appropriate that if any change is relevant to the CUSC arrangements it should be equally applicable to the STC.

The need for greater flexibility

For the UNC there are no decision-by dates and even the Proposer's proposed implementation date is not binding on any party. In fact, as with the Grid Code, we believe that additional flexibility is not needed for the UNC, as no binding implementation dates are set prior to the Authority determination being made. We are, in fact, unsure as to the "residual 'timing-out' risks" under the UNC which the Authority alludes to in the Open Letter.

Current practice for the CUSC is to identify a specific implementation date with corresponding decision dates only when necessary due to associated timing issues. In most instances, implementation dates are identified by reference to a fixed period after the decision to approve the Amendment has been taken.

The BSC does link decision dates to implementation dates for most modifications. This practice is due to system and other development requirements which are specific to this Code and, therefore, necessary and appropriate.

Therefore, given that the risk which the current Open Letter is aiming to address has, in our opinion, never occurred under the CUSC or UNC, (and only for three modifications under the BSC), the need for increased flexibility is not obviously compelling.

However, while we consider that the current structure of the Codes described above strikes the right balance between a flexible and reasonable period of time in which to make decisions providing regulatory certainty as to when decisions will be made; there may be instances under the BSC and CUSC where a review of the timing of decisions is necessary. As a result, sufficient flexibility to allow this would be useful. Also in such circumstances, it is not desirable that analysis and development work for a modification is lost purely on the basis of timing restrictions, and, therefore, we accept that in some circumstances it may be helpful to return a modification to a panel for reconsideration in the event that a required decision date cannot be met. This may then result in a requirement for analysis to be updated, or implementation or transitional issues to be reconsidered, as any flexibility in decision/implementation timing needs to take into account the basis on which a decision is being made. This type of flexibility is already available under the UNC governance arrangements (Paragraph 9.5 of the Modification Rules) and was used recently in regard to Modification Proposal 0195AV.

The options described for achieving flexibility

We are unsure of the material differences between options 1 and 2 proposed by the Authority. If, as a result of the responses to this letter, it becomes apparent that such flexibility is desirable under the CUSC and BSC, we would suggest that the most suitable means for achieving this would be for the Authority to make a referral (rather than a direction) to the relevant panel for an amendment to the implementation timetable. Such panels, as industry experts, are ideally placed to consider the validity of the existing analysis and potential appropriateness of alternative implementation dates and are also best placed to direct further work and analysis to understand the implications of any extension. The Authority consideration and decision is already based on analysis that the panel has overseen and on which the panel recommendation is based; it is therefore appropriate that in the event of a requirement for extension a referral is made to the panel to consider the ongoing appropriateness of both the analysis and their recommendation. This option would need to be further developed in collaboration with the industry and relevant panels.

If you wish to discuss this further or have any queries please contact me, Mark Ripley on 01926 654928 or Richard Court on 01926 656146

Yours sincerely

[By e-mail]

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