

Change proposal:	Grid Code H/11: Data Validation, Consistency and Defaulting Rules		
Decision:	The Authority ¹ directs that the proposed change to the Grid Code ² be made		
Target audience:	National Grid Electricity Transmission PLC (NGET), Grid Code users and other interested parties		
Date of publication:	9 March 2012	Implementation Date:	16 March 2012

Background to the change proposal

Balancing Mechanism³ (BM) data relating to bids and offers is submitted by Trading Agents and BM control points. This data is subject to validation and consistency checks by National Grid Electricity Transmission (NGET). The rules for data validation and consistency checks are set out in a document associated with (but not within) the Grid Code entitled the Data Validation, Consistency and Defaulting Rules.

The Data Validation, Consistency and Defaulting Rules have recently been updated after informal consultation with industry and interested non-industry parties during December 2011. The updated rules are set out in a new issue of the document (version 8 dated 25 January 2012) replacing the previous issue (version 7 dated 11 October 2004).

The change proposal

NGET raised H/11 (the change proposal) after discussion with the Grid Code Review Panel (GCRP) in November 2011. The proposal seeks to modify the Grid Code to update the Data Validation, Consistency and Defaulting Rules document definition following the recent changes to that document and the issue of a new version. The document definition is referenced in the Glossary and Definitions section of the Grid Code. The proposal would amend the reference from issue 7 to issue 8 together with the effective date for issue 8.

H/11 was the subject of wider consultation at the same time as the informal consultation on the proposed changes to the Data Validation, Consistency and Defaulting Rules document. Two responses were provided, both supportive of the proposal and broadly supportive of the changes to the document with further comments that NGET has taken on board in the latest version.

NGET's recommendation

NGET submitted a final report to the Authority recommending that change proposal H/11 is implemented. In NGET's view, the proposal would better facilitate Grid Code objectives (i) and (iii) and should be approved.

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ NGET uses the Balancing Mechanism to balance the system for each half hour of wholesale electricity traded (the settlement period) for one hour after the point that market trading of electricity ends (Gate Closure).

The Authority's decision

The Authority has considered the issues raised by the change proposal and in the final Report dated 7 February 2012. The Authority has considered and taken into account the responses to NGET's consultation on the change proposal which are included in the final Report⁴. The Authority has concluded that:

1. implementation of the change proposal will better facilitate the achievement of the objectives of the Grid Code⁵; and
2. approving the change is consistent with the Authority's principal objective and statutory duties⁶.

Reasons for the Authority's decision

We agree with NGET that the proposal would better facilitate the Grid Code objectives. We state our views against the relevant objective that applies below. In our view, the proposal is neutral against or has no impact on the other Grid Code objectives.

We note that as the Data Validation, Consistency and Defaulting Rules document is not part of the Grid Code and is an associated document, we are not being asked to approve the proposed changes to the document itself but only the cross-reference in the Glossary and Definitions in the Grid Code to the latest version of the document.

Grid Code objective (i) 'to permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the transmission of electricity'

The Grid Code should refer to the most up-to-date versions of documents associated with the Grid Code but which sit outside of direct Grid Code governance. It is necessary for Grid Code users to know which version of the Grid Code rules and associated rules apply so that there is clarity, consistency and the avoidance of confusion. As a result, NGET can then fulfil its role as the National Electricity Transmission System Operator (NETSO) more effectively in line with this Grid Code objective.

For this reason, we agree that the proposal would better facilitate this objective.

Decision notice

In accordance with Standard Condition C14 of NGET's Transmission Licence, the Authority hereby directs that change proposal Grid Code H/11 *'Data Validation, Consistency and Defaulting Rules'* be made.

Declan Tomany

Associate Partner Legal – Smarter Grids & Governance

Signed on behalf of the Authority and authorised for that purpose

⁴ Grid Code proposals, final reports and representations can be viewed on NGET's website at:

<http://www.nationalgrid.com/uk/Electricity/Codes/gridcode/consultationpapers/>

⁵ As set out in Standard Condition C14(1)(b) of NGET's Transmission Licence, see:

http://epr.ofgem.gov.uk/document_fetch.php?documentid=14343

⁶ The Authority's statutory duties are wider than matters which NGET must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.