

# Code Governance Review

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## The Case for Strategic Oversight

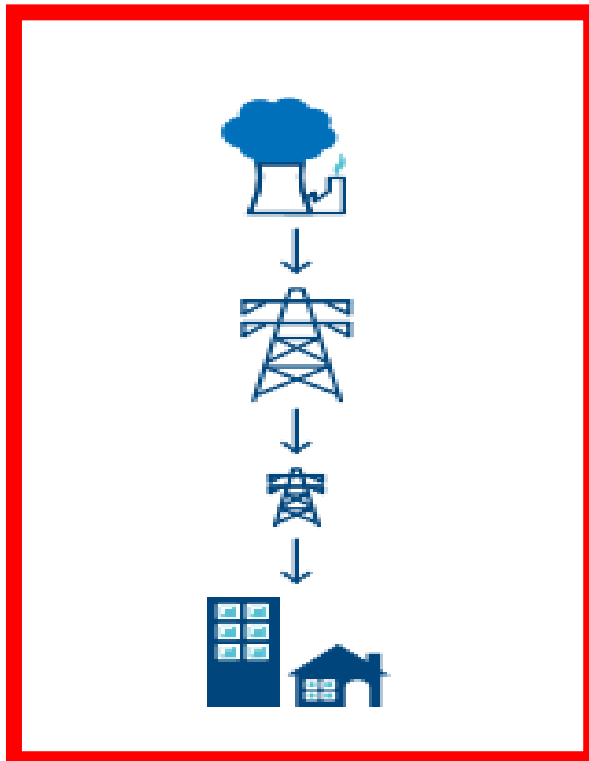
February 2019



# Redefining GB's Energy System

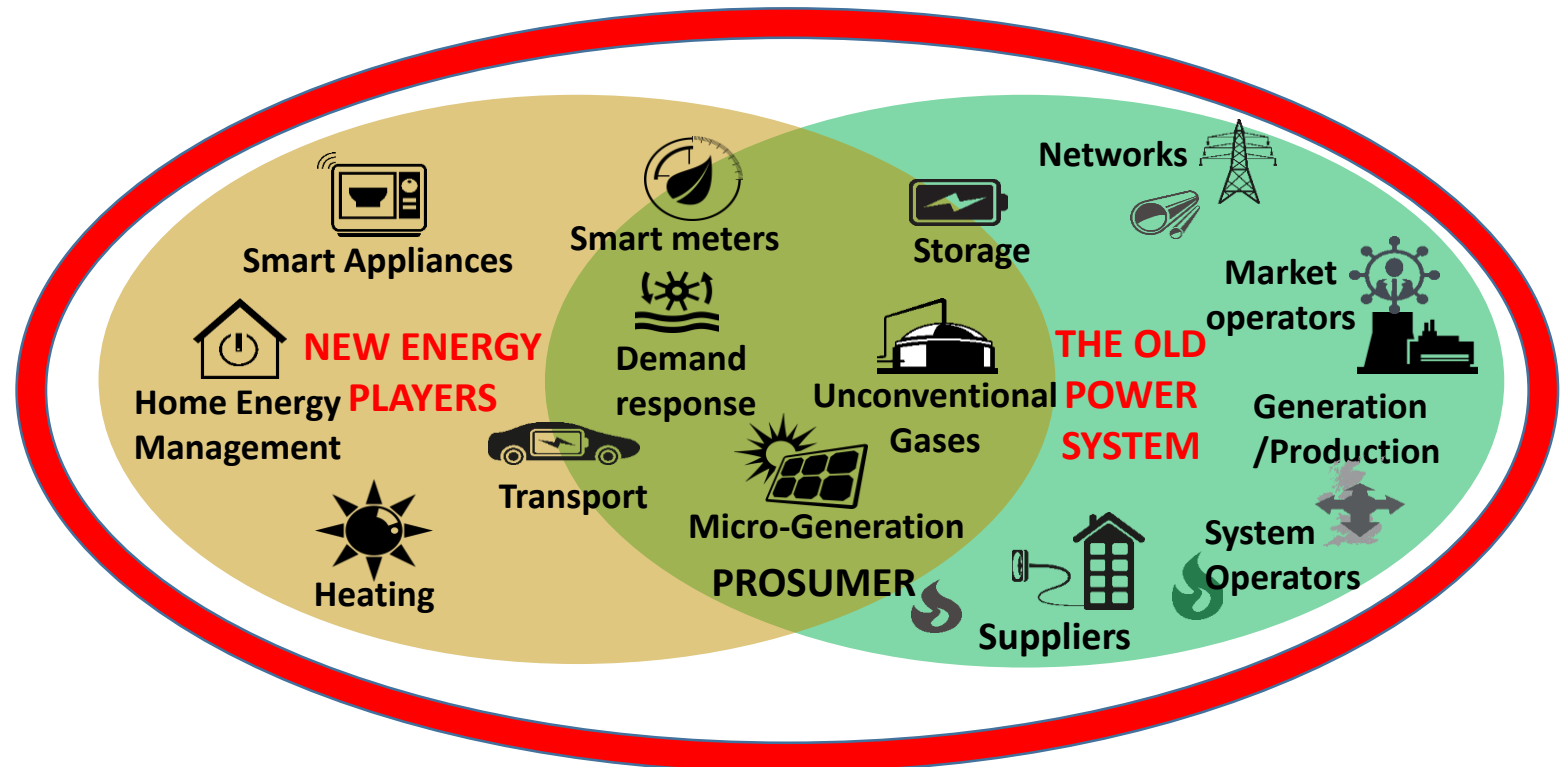
## The Old Power System

Predicable Players, Controlled  
Actions, Old Assets

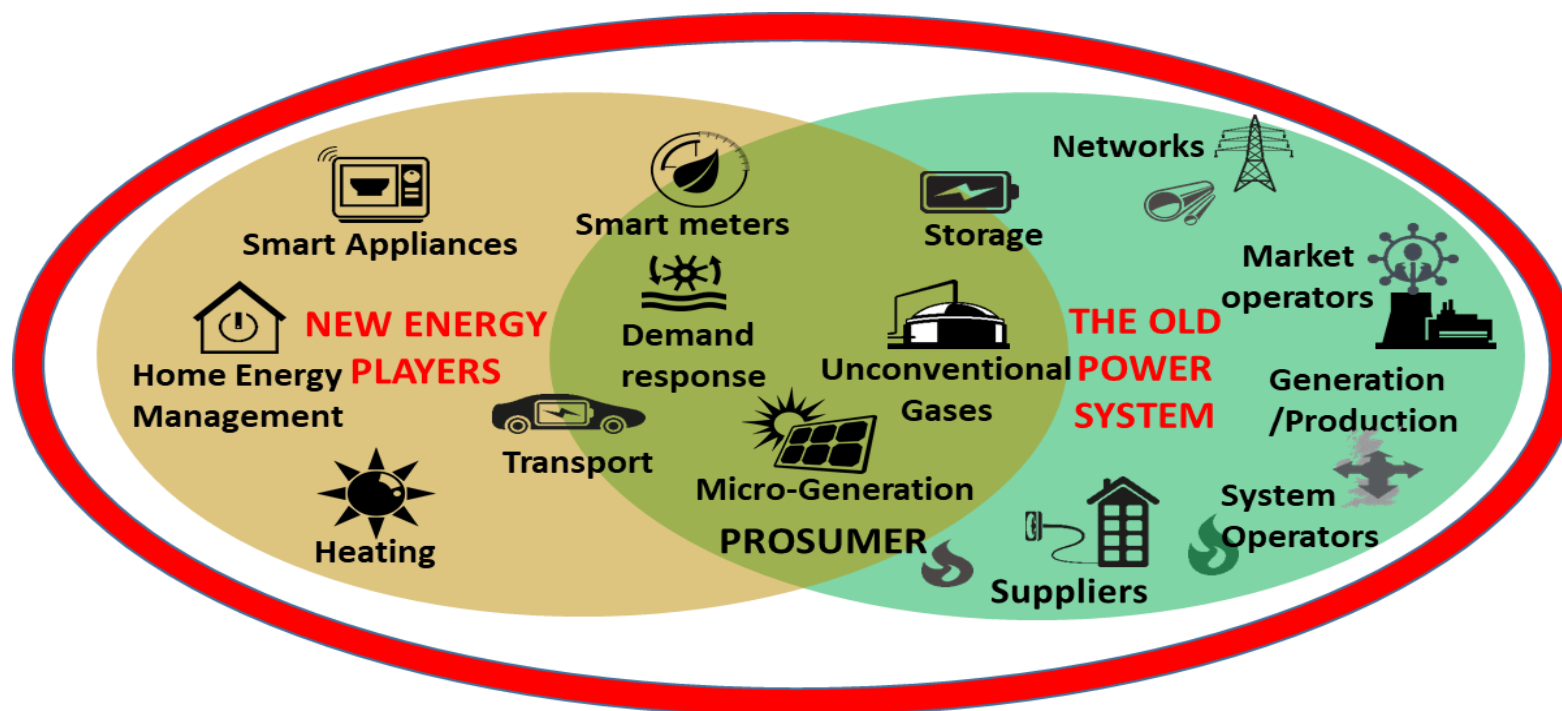


## The New Power System

At the heart of the 'whole energy system'  
New Complexities, Disparate Players, New Assets,  
New Actions, Heat/transport interaction



# Redefining GB's Energy System



## New Architecture

The NEW power system's architecture will have to recognise the new interfaces and procedures necessary to allow multi-party interactions. Its governance of change will need to be much more flexible and adaptive while maintaining the resilience of the system and security of service for all users

## New Considerations

The power sector is being influenced by an increasing range of external social, technological, economic and political factors. It will need to encompass changes to physical energy flows, data flows and commercial value flows that to date have been governed by codes and regulations set in strictly defined silos

# Redefining GB's Energy System – New Functionality

## 7 Drivers of Change

- Changing **generation mix**
- New entrants – **new customer services**
- Active management** of generation, networks, storage, demand
- New customer incentives** to promote energy efficiency
- Growing need to **co-ordinate across energy vectors**
- The need to **be more flexible** to better manage uncertainties
- Guaranteeing the ability to **recover from system emergencies**

## 8 Challenges

- Design new market frameworks
- Embrace all new technologies
- Establish new interfaces between players
- Deliver total system visibility
- Ensure new operator interventions
- Monitor/respond to new risks and opportunities
- Develop new markets – especially for communities
- Develop new 'black out' response capabilities

## 35 Functions

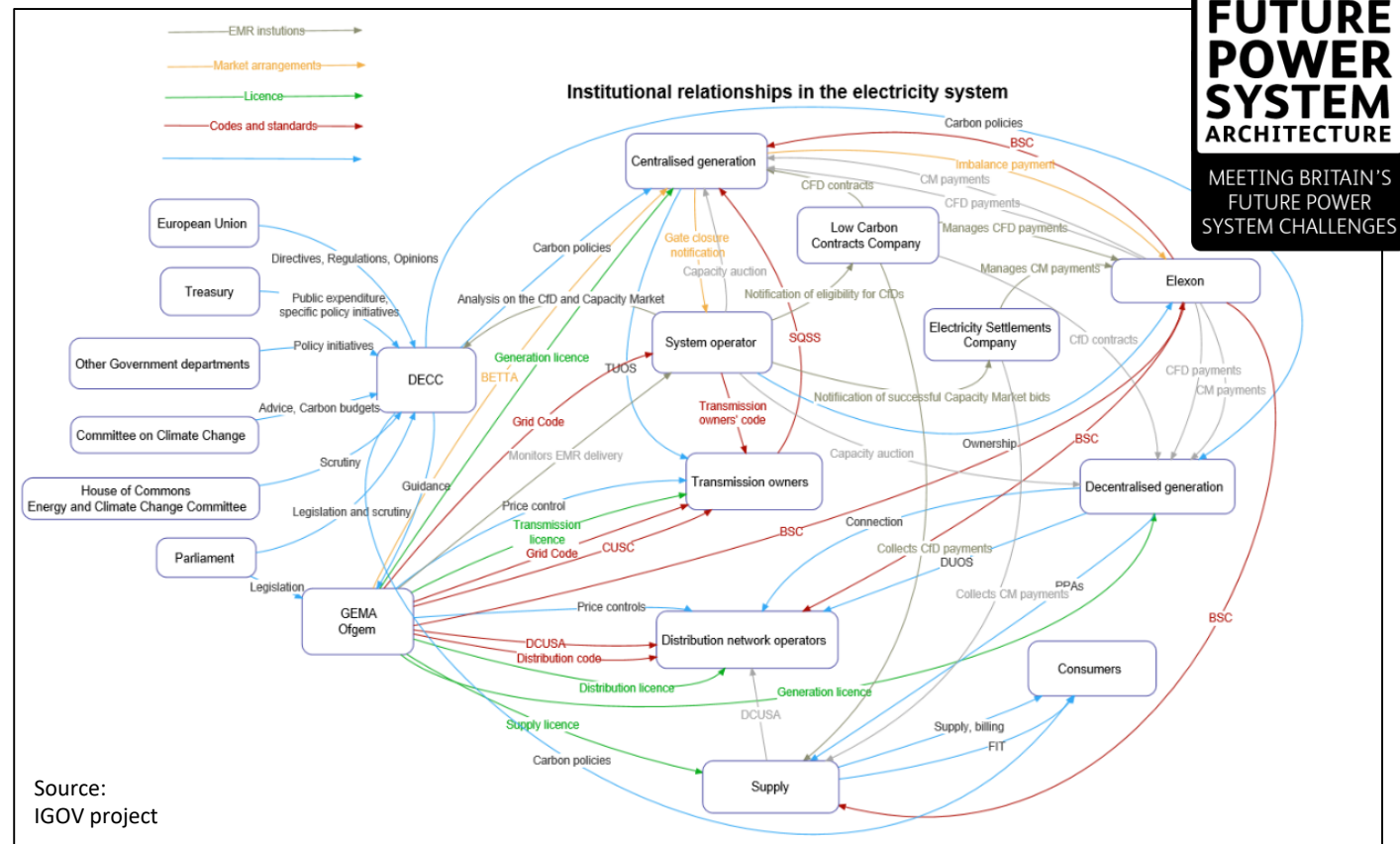
**FPSA's  
35  
new  
Functions**

- Implementation Challenge
- Innovation Challenge
- Governance Challenge

# What needs to change?

To transition without risk to the system and be flexible enough to accommodate change, there needs to be a **much more agile, transformative and adaptive approach** to systems change.

It must address the complexity, interoperability and new business models in the “New System” architecture



**FUTURE POWER SYSTEM ARCHITECTURE**  
MEETING BRITAIN'S FUTURE POWER SYSTEM CHALLENGES

## Current governance must change – “New” models need to:

- Focus across the whole energy system, including ‘beyond the meter’
- Lead to agile, adaptive and efficient decision making
- Overcome silo boundaries and enable better co-ordination
- Reduce barriers to new entrants, new business models and innovation
- Seek optimal commercial outcomes, and competition
- Ensure technical solutions that are fit for purpose

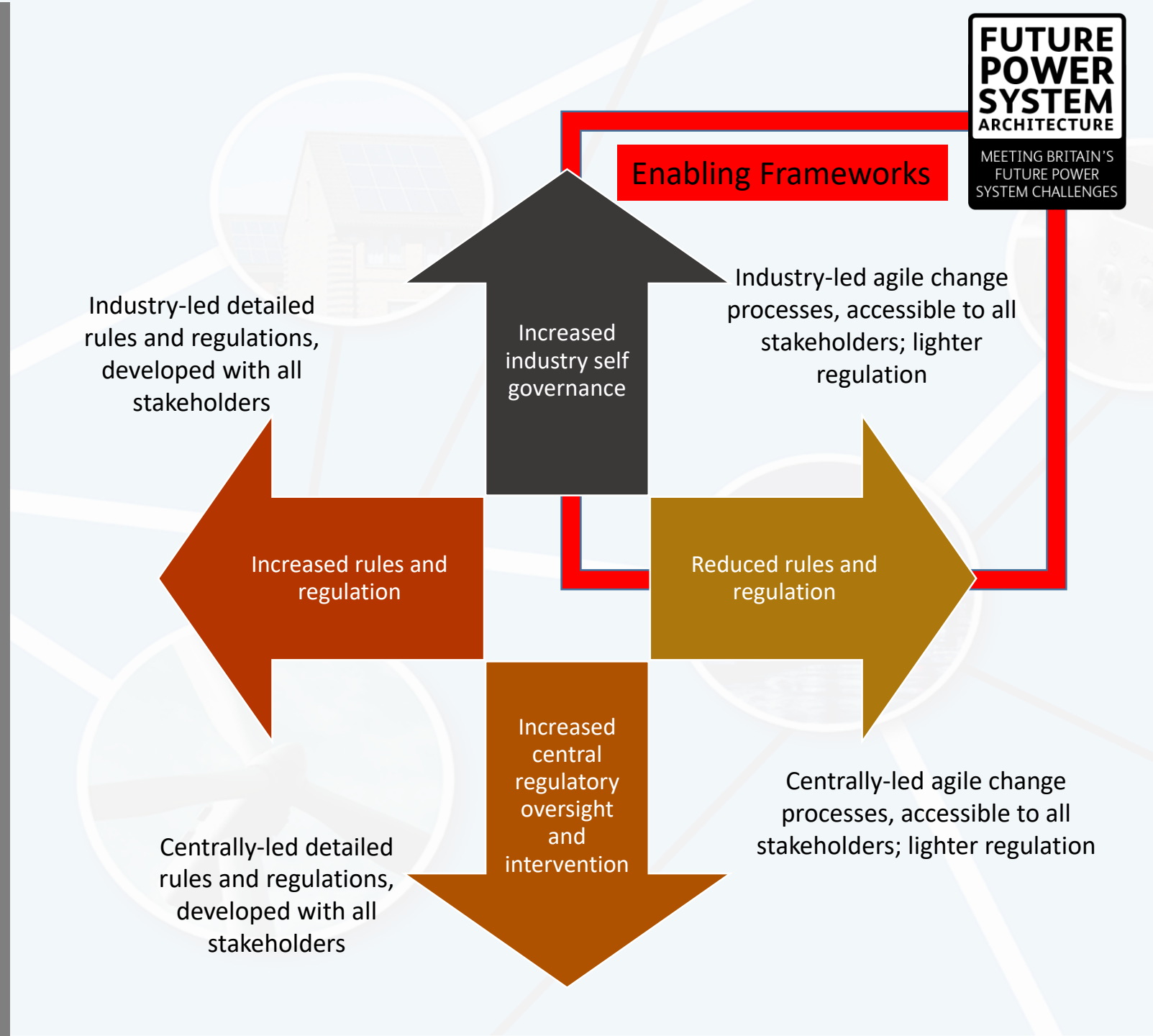


# The Principles Fit for the Future

FPSA is proposing a new governance operating model concept: **Enabling Frameworks** facilitated by an **Enablement Organisation**.

## The Guiding Principles:

- Takes a whole system approach
- Harmonises decision making across all parts of the system
- Is Flexible and Adaptive
- Recognises the links between technical and commercial issues
- Allows change to be driven by user needs
- Engages with a wider stakeholder base
- Improves the quality and speed of change/decision making



# A Possible New Operating Model

## Enablement Organisation

- An *Enablement Organisation* (EO) coordinates stakeholder interests, facilitates entry of new parties, and considers and agrees when new functionality is required. It provides strategic input to *Enabling Frameworks* (EFs)
- The EO has key wider roles such as horizon scanning and knowledge retention to support on-going sector change; these are not part of today's governance.

## Enabling Frameworks

- An EF is essentially a facilitated stakeholder group established to govern an area of system functionality – e.g. the smart charging of EVs
- EFs require change to be driven by user needs and allow all aspects of a change proposal to be managed by one team of stakeholders

## The Process

*Agile processes* (proven in other sectors) allow wide participation in framing what changes are needed - technical, commercial and data-related – and deliver change in less time

# The benefits of this new operating model

- ✓ Change to be driven by the needs of all affected stakeholders
- ✓ Stakeholders own the change process and the decisions
- ✓ The model incorporates whole-systems thinking so that decisions across the sector are coherent. This is assured by the Enablement Organisation
- ✓ *Agile techniques* make the process more inclusive, coherent and faster
- ✓ More radical innovations and business models involving new parties are given much greater opportunity to succeed



