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Preparing for EU Exit: statutory consultation on consequential licence modifications in the event the UK leaves the EU without a deal

National Grid Electricity System Operator (NGESO) welcomes the opportunity to respond to this statutory consultation. NGESO becomes a legally separate entity on 1 April 2019. As the ESO we use our unique perspective and independent position to facilitate market based solutions which deliver value for consumers. We are responding to this consultation as NGESO given its relevance to the National Grid Electricity Transmission licence and this response is not confidential.

We acknowledge that in the event the United Kingdom leaves the European Union without an agreement ('no deal'), changes will be required to the Transmission Licence (as proposed by this consultation) both as it stands today and on transfer following the legal separation of the Electricity System Operator and Electricity Transmission Owner functions. However, in the event of an agreement concerning the UK's withdrawal from the EU, we would expect the need for and nature of any such changes to be reviewed and reconsidered. The provisions at Special Condition 3A Part E relating to the inter-transmission system operator compensation mechanism term will also need to be kept under review to ensure remaining reflective of the enduring arrangements in respect of the ITC Mechanism.

Generally, NGESO agrees that the changes proposed will ensure that retained EU law will function effectively at the point of exit and that licences take into account the provisions in the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018.

However, we would suggest a minor correction to reflect this intent in C27.15(b) as follows.

- The proposed change appears to unintentionally alter the nature of the current obligation over and above what is required to reflect the change in the event of no deal and so we suggest a minor correction to retain the caveat of "possible" in the text as follows.

Condition C27: The Network Options Assessment process and reporting requirements

'be consistent with the ETYS and where possible and requested by Ofgem align with the Ten Year Network Development Plan and, in the event of any material differences between the Ten Year Network Development plan and the NOA report an explanation of the difference and any associated implications must be provided; and'

We also have a couple of further comments as follows.

- Regarding the proposed new definition of "legally binding decision of the European Commission and/or the Agency" and "legally binding decisions of the European Commission and/or the Agency" we wish to clarify our understanding that in practice this means that any decision made by the European Commission and/or Agency made after EU Exit Day will not be a binding decision; and
- We recognise that proposed changes to the Transmission Licence will potentially take effect after EU Exit Day thereby creating a period of *interregnum* i.e. the period between EU Exit Day and any Transmission Licence changes taking effect. NGESO would therefore welcome any further clarity or assurances from Ofgem regarding treatment of Licences during this period.

We would welcome the opportunity to further discuss the points raised within this response and should you require any further information or would like clarity on any of the points outlined above then please let me know.

Yours sincerely,

[By Email]

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