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Dear Marion

National Grid response to the Code Governance Review (Phase 3) Final Proposals - consultation on licence modifications

Thank you for the opportunity to respond to Ofgem's consultation on licence modifications. This response is provided on behalf of National Grid Electricity Transmission plc (NGET) and National Grid Gas plc (NGG) as National Grid. NGET owns the electricity transmission system in England and Wales and is the National Electricity Transmission System Operator (NETSO). It is responsible for administering the electricity Connection and Use of System Code (CUSC), the Grid Code and the System Operator – Transmission Owner Code (STC). NGG owns and operates the gas Transmission System and also owns and operates four of the gas Distribution Networks. In association with the three other gas Distribution Network Operators, NGG also jointly provides for the administration of the Uniform Network Code (UNC) Governance arrangements through the Joint Office of Gas Transporters (JO).

The Annex's attached to this letter provide the following information:

- Annex 1 to this letter is the National Grid response to the specific questions posed in Ofgem's consultation on licence modifications.
- Annex 2 provides comments on the proposed licence drafting.

If you wish to discuss this further, or have any queries regarding this response, please contact John Martin on 01926 656672. This response is not confidential and can be published.

Yours sincerely

[By e-mail]

Mark Ripley
Director, UK Regulation

Annex 1: Response to Questions

Response to licence modifications questions

Question 1: Do you consider that the licence drafting would achieve the policy proposals set out in the CGR3 Final Proposals?

NG comments: Yes we consider that the licence drafting would achieve the policy proposals as set out in the CGR3 proposals.

Question 2: Do you consider that the licence drafting in Electricity Transmission Licence SLC C14 would also facilitate the implementation of GC0086?

NG comments: The licence drafting facilitates the governance processes as envisaged in the GC0086 Grid Code which in any event has recently been “sent back” by Ofgem given the CGR3 proposals. Changes in addition to that provided for in GC0086 will be required to reflect the additional governance steps and changes (for example the approval of the chairperson by the authority) provided for in this licence drafting.

Question 3: Do you agree that, where licence drafting differs between licence conditions, the substantive effect is materially the same?

NG comments: Yes we would agree that the substantive effect is materially the same for the different licence conditions drafting.

Annex 2: Comments on the proposed licence drafting:

General Comments

On drafting generally, in licence terms, the difference between SCR option 2 and 3 potentially needs defining.

Self-governance and critical friend proposals don't require licence changes and are just to be managed through code process/guidance.

UNC

We agree that the proposed Gas Transporter Licence drafting delivers the relevant aspects of the policy proposals set out in the CGR3 Final Proposals.

BSC

- 4A should it, as drafted, be without prejudice to 4E?
- 4C(b) think the cross ref would be better to 4H(b) – if edit this can lose ref to “modification falling within scope of” at 4E and “and it falls within scope of..” at 4G
- 4D(b) can see why would want to remove the 28 day trigger but feels very open ended (where SCR extended) as to when it will end
- 4F – Ofgem submit SCR mod – process doesn't mirror 4d(i)-(iii)..
- 4F procedures assume that the SCR process has effectively delivered consultation, alternatives etc. so there is simple one clear proposal for change submitted by authority
- 4H(b) would it be better to say the modification proposal by the Authority is in...?
- Definition of SCR phase (a)(ii) is 4G correct? (b)(i) and b(ii) is there a mismatch of timing between when direction issued (4C(a) says that is when ends) and submission of mod?

CUSC

- 6A should it, as drafted, be without prejudice to 6E?
- 6C(ba) think the cross ref would be better to 6H(b) – if edit this can lose ref to “modification falling within scope of” at 6E and “and it falls within scope of..” at 6G
- 6D(b) can see why would want to remove the 28 day trigger but feels very open ended (where SCR extended) as to when it will end
- 6H(b) would it be better to say the modification proposal by the Authority is in...?
- Same comments as BSC re definition of SCR phase

STC

- 6E should it, as drafted, be without prejudice to 6GB?
- 6G(ba) would the cross ref be better to 6GE(b) – if edit this can lose ref to “modification falling within scope of” at 6GB and “and it falls within scope of..” at 6GD

- 6GA(b) can see why would want to remove the 28 day trigger but feels very open ended (where SCR extended) as to when it will end
- 6GE(b) would it be better to say the modification proposal by the Authority is in...?
- Same comments as BSC re definition of SCR phase

Grid Code

- 1A – chairperson is appointed by authority?
- 4A should it be , as drafted, without prejudice to 4D
- 4K(b) would it be better to say the modification proposal by the Authority is in...?
- 4B(ba) would the cross ref be better to 4K(b)