

#### 4.5. MP Form

<b>Modification Proposal – BSCP40/03</b>	MP No: P271
<b>Title of Modification Proposal:</b> NETSO Consultation in relation to any potential changes to the BSC which takes place in forums other than the BSC Panel	
<b>Submission Date :</b> 28 <sup>th</sup> February 2011	
<b>Description of Proposed Modification</b>  This Modification Proposal proposes that a revision to the BSC is required to ensure that signatories to the BSC are consulted with, via a BSC Panel established European Issues Group, and have their views considered in relation to any potential changes to the BSC which may occur as a result of activity or discussion which takes place in forums other than the BSC Panel and its associated (BSC) groups. In particular, any input and potential or likely changes in relation to the development of the European Network Codes, in which National Grid (NGET) participate under their remit as the operator of the GB electricity transmission system (NETSO) are to be included.  This Modification proposes that the BSC Panel establish a European Issues Group and in order to:-  a) Satisfy National Grid's obligation under condition C3 of their Electricity Transmission Licence;  b) Maintain the existing high standards of openness and transparency in the GB code revision process; and  c) Ensure that, as NETSO, National Grid adequately and effectively consider the views of the stakeholders who fund them;  that National Grid are obliged, with this Modification Proposal, to report any potential or likely BSC impacts as a result of developments of the European Network Codes to this European Issues Group, which includes:-  1) Providing details of any drafting proposals, in particular those concerning European Network Codes, ahead of their submission to the relevant body (e.g. ENTSO-e), including draft text and impact assessments as appropriate;  2) Seeking and taking into consideration the views of the group on such drafting proposals ahead of their submission to the relevant body (e.g. ENTSO-e); and,  3) Providing prior notification of and subsequent feedback from meetings and workshops at which NGET have attended as NETSO, particularly with regard to development of the European Network Codes.	

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<p>The European Issues Group (and the BSC Panel, if appropriate) may consult BSC signatories and others for their views on matters arising from or in related to (1), (2) and (3).</p> <p>As appropriate the BSC Panel may coordinate the meeting of the European Issues Group with other Core Industry Documents impacted by the European Network Codes. This should form part of the Terms of Reference for the European Issues Group.</p>	
<p><b>Description of Issue or Defect that Modification Proposal Seeks to Address</b></p> <p>As a result of the European Third Energy Package, the European Network of Transmission System Operators - Electricity (ENTSO-e) have been tasked with creating European Network Codes based on Framework Guidelines provided by the Agency for the Cooperation of Energy Regulators (ACER). The codes will cover a wide range of topics from Grid Connection to Wholesale Market Governance and each resulting code will directly supersede domestic network codes in each of the 27 (EU) Member States, including the United Kingdom of Great Britain and Northern Ireland.</p> <p>It is clear that the outcome of the European Network Codes could have a significant impact on national codes and changes will certainly be required to the BSC. NGET participate in the ENTSO-e at both committee and working level. They are actively involved in the drafting process for the European Network Codes. At a workshop on 31<sup>st</sup> January 2011, NGET confirmed that its attendance at ENTSO-e, and associated input to the drafting of the European Network Codes, was under its remit as NETSO. NGET also confirmed, at the workshop, that it did not intend to participate in GB specific stakeholder engagement relating to the European Network Codes.</p> <p>NGET have a licence obligation, relating to the BSC, for bringing changes to the BSC to the attention of BSC Parties and such other persons as may have an appropriate interest in it (including consumer representatives). The relevant section from the Electricity Transmission Licence is Condition 3 including, for example, paragraph 4.</p> <p>It is clear that the European Network Codes are likely to impose changes on the BSC which will represent significant materiality to many BSC Parties. Given that NGET are actively involved in these changes at European level, it is appropriate that they are required to consult with GB stakeholders during the process.</p> <p>It is not appropriate that NGET as NETSO, whose participation in the ENTSO-e is effectively funded by stakeholders, should be under no obligation to consult with and engage with those (funding) stakeholders. This is contrary to what industry participants have come to expect in GB and goes against the transparency model that Ofgem are working to achieve.</p> <p>This omission from the baseline BSC, in our view, needs to be addressed. This Modification Proposal seeks to address this deficiency in the process and improve the openness and transparency of the GB input to the European Network Codes. It encourages effective</p>	

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<p>engagement between the NETSO and GB stakeholders in relation to changes to the BSC and ensures that those stakeholders who are liable to be materially affected by such changes have the opportunity to be heard via the BSC Panel (and any Issue Group, if established, and consultation(s), if undertaken, by the Panel and / or Issue Group).</p> <p>This Modification Proposal also seeks to address the issue raised, at the 31<sup>st</sup> January 2011 workshop, by National Grid, in respect of the development of the European Network Codes, namely that (i) input is required from all stakeholders at an early stage; (ii) it is vital that any stakeholder concerns are understood at an early stage and (iii) stakeholders engagement will be crucial in helping produce coherent and viable European Network Codes.</p>	
<p><b>Impact on Code</b> May require a new Section or changes to Sections F and X-1</p>	
<p><b>Impact on Core Industry Documents or System Operator-Transmission Owner Code</b></p> <p>Whilst this Modification Proposal is related specifically to the BSC, the Proposer notes that a paper has been submitted to the Grid Code Review Panel meeting in February 2011; entitled “Grid Code Signatories Consultation” which seeks a similar change, to this BSC Modification Proposal, to the Grid Code.</p> <p>In addition the Proposer has also raised a change to the CUSC (CMP191 “NETSO Consultation in relation to any potential changes to the CUSC which takes place in forums other than the CUSC Modifications Panel”) which seeks a similar change, to this BSC Modification Proposal, to the CUSC.</p>	
<p><b>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties</b></p> <p>No material impact on BSC Systems or on Other Relevant Systems and Processes Used by BSC Parties is envisaged as a result of this Modification Proposal.</p>	
<p><b>Impact on other Configurable Items</b> <i>(optional by originator)</i></p>	
<p><b>Justification for Proposed Modification with Reference to Applicable BSC Objectives</b> <i>(mandatory by originator)</i></p> <p><i>(a) the efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence</i></p> <p>This Modification Proposal will ensure that The Company better satisfies its obligation under condition C3 of their Electricity Transmission Licence.</p>	

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<b>(c) promoting effective competition in the generation and supply of electricity</b>	
<p>This Modification Proposal will ensure that The Company maintains the existing high standards of openness and transparency in the GB code revision process and ensure that, as NETSO, National Grid adequately and effectively consider the views of the stakeholders who fund them.</p> <p>It will also ensure that BSC Parties (and others) have greater certainty, with regard to the development of the European Network Codes, as it will involve a clear direction to National Grid to (i) provide details of any drafting proposals; (ii) seek and take into consideration views received; and (iii) provide prior notification of and subsequent feedback from meetings and workshops.</p> <p>Without this Modification Proposal there would be a detrimental impact surrounding the potential uncertainty about what the changes to the European Network Codes means from the perspective of the BSC and this would hinder competition and create a possible barrier to entry, with a particular impact on small parties.</p> <p>In addition, this uncertainty about what the changes to the European Network Codes means, from the perspective of the BSC, can be detrimental to competition, particularly where a greater perception of risk leads to increased costs.</p> <p>Furthermore, this Modification Proposal better facilitates competition as it introduces an efficient and transparent process in the BSC with respect to the European Network Codes.</p>	
<b>Is there a likely material environmental impact?</b> No	
<b>Urgency Recommended: No</b>	
<b>Justification for Urgency Recommendation</b> N/A	
<b>Self-Governance Recommended: No</b>	
<b>Justification for Self-Governance Recommendation</b> N/A	
<b>Should this Modification Proposal be considered exempt from any ongoing Significant Code Reviews?</b>  Yes. We are not aware of any ongoing SCR that relates to this Modification Proposal.	
<b>Details of Proposer:</b>  <i>Name</i> Garth Graham <i>Organisation</i> SSE Generation Ltd <i>Telephone Number</i> 01738 456000 <i>Email Address</i> garth.graham@sse.com	

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<b>Details of Proposer's Representative:</b>	
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<b>Details of Representative's Alternate:</b>	
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<b>Attachments: No</b>	