

A Review of the  
SQSS Governance  
Framework

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SQSS Review Group

## Executive Summary

This document sets out the SQSS Review Group proposals for the future governance framework of the National Electricity Transmission System Security and Quality of Supply Standard (NETS SQSS). The Review Group have examined the existing SQSS governance framework against the arrangements contained in the Connection and Use of System Code (CUSC), the Grid Code and the System Operator Transmission Owner Code (STC). The Review Group have also examined the recommendations from the Code Governance Review (CGR) and the arrangements necessary for Offshore Transmission Owner representation within the Review Group.

The Review Group welcomes views on the proposals contained within this document. Details on how to make a response can be found in section 8. If you have any questions about this document please contact:

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# 1 Introduction

## The NETS SQSS and Review Group

- 1.1 The National Electricity Transmission System Security and Quality of Supply Standard (NETS SQSS) “SQSS”, pursuant to Standard Licence Conditions C17, D3 and E16 of the Transmission Licences, sets out a coordinated set of criteria and methodologies that transmission licensees shall use in the planning, development and operation of the National Electricity Transmission System (NETS). For the avoidance of doubt the NETS is made up of both the onshore transmission system and the offshore transmission systems.
- 1.2 The SQSS sets out both planning and operational criteria which will determine the need for services provided to the relevant transmission licensees, e.g. reactive power as well as transmission equipment. The planning criteria set out the requirements for the transmission capacity (either investment or purchase of services) for the NETS. The planning criteria also require consideration to be given to the operation and maintenance of the NETS and so refer to the associated operational criteria where appropriate. The operational criteria are used in real time and in the development of plans for using the NETS to permit satisfactory operation.
- 1.3 Transmission licensees are required, under their respective licences, to develop and maintain an efficient, co-ordinated and economical system of electricity transmission. In order to facilitate these requirements, the SQSS may need, from time to time, to be revised to reflect changes in the electrical supply industry and relevant technological advances.
- 1.4 Before any revisions are made to the SQSS, there will need to be a thorough and coordinated review of the current SQSS and the proposed changes. To ensure that any necessary reviews are conducted in a coordinated manner the SQSS Review Group “Review Group” was established. The Review Group is not a decision making body, its purpose is to consider developments and reviews of the SQSS before recommending any changes to the Authority for a decision. To ensure that the Review Group have clarity in their role and to facilitate coordinated reviews, the Review Group currently follows the ‘NETS SQSS Governance’ framework (see Annex 1) which can be found as a separate document to the main NETS SQSS document<sup>1</sup>.
- 1.5 It should be noted that unlike the Transmission Licence requirement for industry codes such as the Connection and Use of System Code (CUSC), the Grid Code and the System Operator Transmission Owner Code (STC), the Transmission Licence requirement for the SQSS does not contain any reference to the governance framework. This is because the SQSS is a standard and not an industry code.

## Why Change?

- 1.6 The electricity supply industry is constantly evolving with the creation of new technologies and regimes that need to be integrated into the NETS. As the SQSS plays a pivotal role in facilitating demand and generation connections, as well as efficient market operation, it is essential that the SQSS remains a robust standard which is able to support the changing industry.
- 1.7 To facilitate efficient review, and possible revision, of the SQSS it is necessary to have a governance framework that is transparent, robust, facilitates relevant industry engagement and supports the Review Group in executing its functions in a coordinated manner. The Review Group have initiated this review of the governance

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<sup>1</sup> [http://www.nationalgrid.com/NR/rdonlyres/784F2DFC-133A-41CD-A624-952EF4CCD29B/45776/NETSSQSS\\_v21\\_March2011.pdf](http://www.nationalgrid.com/NR/rdonlyres/784F2DFC-133A-41CD-A624-952EF4CCD29B/45776/NETSSQSS_v21_March2011.pdf)

framework to determine if recent changes within the electricity supply industry need to be taken into account in the SQSS governance framework and if there are any other improvements that can be made based on a review of industry codes governance arrangements.

1.8 Two key developments that have been seen in the electricity supply industry have been:

- The granting of new offshore transmission licenses through the competitive Tender Process<sup>2</sup> that Ofgem is undertaking as part of the new regulatory regime for offshore transmission networks; and
- The conclusion of the Code Governance Review (CGR), which primarily examined the governance arrangements for the Connection and Use of System Code (CUSC), Balancing and Settlement Code (BSC) and Uniform Network Code (UNC).

1.9 The granting of new Offshore Transmission Licences has resulted in the creation of new Offshore Transmission Owners (OFTOs) who are currently not represented on the Review Group although they will be required to meet the criteria documented in the NETS SQSS. The current framework should be reviewed and, if necessary, modified to allow for OFTO participation within the Review Group.

1.10 The CGR has made a number of recommendations to improve the governance arrangements for the BSC, CUSC and UNC. As noted in paragraph 1.5, the NETS SQSS is not an industry code and it is not the intention of this review to change the status of the SQSS. Despite the fact that the CGR was examining industry codes there are some recommendations that emerged from the findings that could be an improvement if applied to SQSS governance. The key recommendations, which are examined further in section 2, were around five work strands:

- (i) Significant Code Review (SCR)
- (ii) Self Governance (SG)
- (iii) Role of Code Administrators (CA)
- (iv) Charging Methodologies
- (v) Environment / Objectives

1.11 The current governance framework for the SQSS has been in place since May 2007 and during that time a number of observations have been made by the Review Group and wider industry participants regarding possible changes that could improve the current framework. The SQSS governance framework was discussed at workshops held in 2010 and the following views emerged:

- a key measure of successful governance is how easy it is for a relevant interested person to get a proposal to Ofgem – it should be possible to always do this, irrespective of Transmission Owner support or agreement;
- There were no strong views on industry representation on the Review Group, except if this is needed to facilitate getting user proposals to Ofgem;
- It was noted that a balance is required between the ability of parties to easily submit change proposals and the need to avoid instability in the standard resulting from a large number of changes;

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<sup>2</sup><http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/cons2009/Documents1/Offshore%20Electricity%20Transmission%20Final%20Statement%20on%20the%20Competitive%20Tender%20Process.pdf>

- The provision of feedback to the industry is important. Suggestions to achieve this included:
  - a commitment to regular forums, possibly every six months;
  - publication of consultation responses and Review Group replies, in addition to including them in the report submitted to the Authority for determination;
- Governance needs to be clear on the detail to which proposals should be worked up, with the aim of avoiding multiple consultations by the Review Group and Ofgem wherever possible; and
- It was suggested that the governance document should clearly state the NETS SQSS objectives.

## Review of SQSS Governance Framework

1.12 The Review Group have determined that this review will compare the existing SQSS governance framework against those arrangements found in the CUSC, Grid Code and STC whilst taking into account developments within the electricity supply industry. The rationale in using these particular industry codes is that, as Code Administrator for all three, National Grid has the experience of using and developing these particular governance arrangements. Consideration was given to including the BSC and UNC as part of this review but it was felt that it would create an unnecessarily large scope and National Grid could not comment on the experience of administering them. It was also noted that the BSC and UNC were included as part of the CGR and any applicable governance points would likely be included in those final CGR recommendations.

1.13 The governance framework for each of these three codes stems from the Transmission Licence and whilst each code has a formal, licence based, governance framework, the arrangements for each code differ slightly to ensure it supports the area of the industry in which it governs. Below is brief summary of each of the three codes that were analysed by the Review Group:

- **Connection and Use of System Code (CUSC)** - The CUSC is the legal document that forms the basis of the contractual framework for connection to, and use of, the NETS. The section of the CUSC that deals with governance is *Section 8*<sup>3</sup>.
- **Grid Code** - The Grid Code covers all material technical aspects for connections to, and the operation and use of, the NETS or, in as far as relevant to the operation and use of the NETS, the operation of the electric lines and electrical plant connected to it or to a distribution system. The Grid Code also specifies data which system users are obliged to provide to National Grid for use in the planning and operation of the transmission system, including demand forecasts, availability of generating units and intended dates of overhaul of large generating units. The section of the Grid Code that deals with governance is the *General Conditions*. Within the *General Conditions*, clause GC.4.4 creates the *Constitution and Rules of the Grid Code Review Panel*<sup>4</sup> which contains more detailed governance of the Grid Code Review Panel.
- **System Operator Transmission Owner Code (STC)** - The STC defines the high-level relationship between the National Electricity Transmission System Operator (NETSO) and Transmission Owners (TOs). It is supported by a number of procedures (STC Procedures or STCPs) that set out in greater detail the roles,

<sup>3</sup> [http://www.nationalgrid.com/NR/rdonlyres/8B81E9A0-F1B1-47B7-906D-41DA0DB69167/45131/CUSC\\_Section\\_8\\_v19\\_CAP179\\_WGAA2\\_31Jan11.pdf](http://www.nationalgrid.com/NR/rdonlyres/8B81E9A0-F1B1-47B7-906D-41DA0DB69167/45131/CUSC_Section_8_v19_CAP179_WGAA2_31Jan11.pdf)

<sup>4</sup> <http://www.nationalgrid.com/NR/rdonlyres/160A9DF6-64B7-495F-9CDF-7B1BD27AFDF6/41138/CR040210.pdf>

responsibilities, obligations and rights etc of the NETSO and the TOs. The section of the STC that deals with governance is *Section B*<sup>5</sup>.

1.14 There are many elements to consider when examining the SQSS Governance Framework and as a result this paper has been grouped into following themes:

- Section 2 - Code Governance Review
- Section 3 - SQSS Objectives & Review Group Functions
- Section 4 - SQSS Review Group Composition
- Section 5 - SQSS Amendment Process
- Section 6 - SQSS Administration

1.15 Each section will examine elements of the current governance framework for the SQSS and identify any improvements that are contained within the CUSC, Grid Code or STC. Consideration will also be given for the arrangements necessary for OFTOs to become part of the Review Group whilst considering the applicable principles from the CGR.

1.16 It is worth noting for clarity, that within the industry the terms 'Amendment' and 'Modification' are used interchangeably. The SQSS, Grid Code and STC refer to an 'Amendment' whereas the CUSC, BSC, UNC and Code of Practice refer to a 'Modification'.

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<sup>5</sup> <http://www.nationalgrid.com/NR/rdonlyres/468B02AC-82F2-47E8-B5A5-3B60AD3337F7/44352/SectionBv5.pdf>

## 2 Code Governance Review

- 2.1 In November 2007, Ofgem announced the Industry Codes Governance Review (CGR) which concluded March 2010 when Ofgem published their Final Proposals<sup>6</sup>. Consequently in June 2010, Ofgem published their final Transmission Licence proposals to require licensees to raise code changes to implement the Code Governance Review Final Proposals. These primarily related to the Connection and Use of System Code (CUSC), Balancing and Settlement Code (BSC) and Uniform Network Code (UNC).
- 2.2 Whilst the SQSS was not within the original scope of the CGR, it is worth considering the final proposals and whether there could be any improvement if applied to the SQSS governance framework. As the SQSS is a standard and not an industry code (e.g. BSC, CUSC, Grid Code, STC, UNC) not all aspects of the CGR are applicable. The final proposals were grouped into five areas:
- (i) Significant Code Review (SCR)
  - (ii) Self Governance (SG)
  - (iii) Role of Code Administrators (CA)
  - (iv) Charging Methodologies
  - (v) Environment / Objectives
- 2.3 An initial assessment on the applicability of these elements for the SQSS has been carried out and views have been grouped under the headings below.

### Significant Code Review (SCR)

- 2.4 Ofgem created the concept of a Significant Code Review (SCR) to allow a more conducive implementation of significant code reforms that may be necessary to deliver wide ranging changes to the industry such as the creation of a low carbon energy sector. A SCR Process has been adopted for the BSC, CUSC and UNC as Ofgem considered that any major future policy reform is likely through changes to these industry codes.
- 2.5 Currently there is no concept of a SCR within the SQSS governance framework. If a SCR process was to be included within the SQSS governance framework there would likely be changes required to the Transmission Licence. As the SQSS is a design standard, the inclusion of SCR arrangements does not seem appropriate or necessary. However, the Review Group recognises that any SCR initiated by the Authority could potentially have impacts on industry documents, such as the SQSS, and it is envisaged that any consequential changes required within the SQSS would be raised via the normal SQSS governance route.

### *Review Group Proposal*

- 2.6 It is the view of the Review Group that no further action is required for the inclusion of a Significant Code Review concept within the SQSS governance framework.

### Self Governance (SG)

- 2.7 The CGR implemented a Self-Governance process within the BSC, CUSC, and UNC to improve the existing code arrangements. Where it is determined that a Modification

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<sup>6</sup> <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=297&refer=Licensing/IndCodes/CGR>

Proposal will not have a material impact, in line with a defined criteria, then the Modification Proposal will require the respective code panel, rather than the Authority, to decide whether to implement the proposed changes.

- 2.8 Currently there is no concept of Self-Governance within the SQSS governance framework. If Self-Governance was implemented into the SQSS governance framework, the Review Group would be required to make decisions on the implementation of any proposed changes from non-material Amendment Proposals. However, there are a number of potential options regarding Self-Governance:

***Option 1: Replicate the CUSC Self-Governance solution***

- 2.9 This option would create a process that would mirror the process currently contained with the CUSC<sup>7</sup>. This would put in place a process for the Review Group to make a decision on Amendment Proposals that are more than typographical errors but still considered non-material. By introducing a Self-Governance route this will avoid involving the Authority in addressing and deciding on non-material changes whilst giving the Review Group increased ownership of the governance process.
- 2.10 To introduce this would require changes in the Transmission Licence and the SQSS governance framework to identify the criteria that an Amendment Proposal must meet to be progressed through the Self-Governance route.

***Option 2: Introduce a simplified CUSC Self-Governance solution***

- 2.11 This option would require the Self-Governance solution implemented by the CUSC to be reviewed with the aim of simplifying the process to determine which principles within the Self-Governance solution are needed within the SQSS.
- 2.12 It is expected, as a minimum, a Transmission Licence change will be needed to identify the criteria that an Amendment Proposal must meet to progress through the Self-Governance route.

***Option 3: No change to current SQSS governance framework***

- 2.13 This option would continue with the existing arrangements which require any typographical or 'house-keeping' changes to be progress via the Amendment Process which will require the Authority to make a final determination on the proposals.

***Review Group Proposal***

- 2.14 The Review Group is not proposing any changes to the SQSS governance framework to include Self-Governance.
- 2.15 The Self-Governance process has only recently been implemented for the BSC, CUSC and UNC. To date, only two Modifications have progressed through the CUSC Self-Governance process. The Review Group have determined it would be prudent to wait until the CUSC has had more experience of dealing with Self-Governance before considering it for possible implementation into the SQSS governance framework. Due to the nature of the SQSS it is unlikely that, if the CUSC Self-Governance criteria applied, many Amendments would progress through the Self-Governance route.
- 2.16 The inclusion of Self-Governance arrangements would also bring into question the role of the Review Group as a decision making body.

**Role of Code Administrators**

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<sup>7</sup> The Ofgem decision letter which explains the Self-Governance process for the CUSC  
<http://www.nationalgrid.com/NR/rdonlyres/E22BA1E5-1C41-46F9-9BE6-2BCB2386AD15/44522/CAP184D.pdf>

2.17 As part of the CGR, the role of Code Administrators was examined. The final proposals were grouped into the following areas:

- (i) 'Send Back' powers
- (ii) Obligation to assist parties
- (iii) Code of Practice
- (iv) Key Performance Indicators (KPIs)
- (v) Voting consumer representative
- (vi) Independent Panel Chair

2.18 A number of the above areas would require Transmission Licence changes in order to implement them into the SQSS. Due to the nature of the SQSS, not all of these areas are applicable. However, Ofgem expressed the view that the principles contained within the Code of Practice<sup>8</sup> could be generically applied across other industry codes. As they could be generically applied across industry codes, it is worth examining if any improvement can be made to the governance framework for a document like the SQSS.

2.19 The Code of Practice puts forward principles for Code Administrators to follow, but also sets out principles applicable to a code Modification Process. The Code Administrator Code of Practice key principles are split into two sections:

#### **Section 1 - Code Administration**

- Code Administrators shall be critical friends
- Documentation published by Code Administrators shall be in clear English
- Information will be promptly and publicly available to users
- This Code of Practice will be reviewed periodically and subject to amendment by users

#### **Section 2 - The Modification Process**

- Code Administrators shall support processes which enable users to access a 'pre-Modification' process to discuss and develop Modifications
- A proposer of a Modification will retain ownership of the detail of their solution
- Code Administrators will facilitate alternative solutions to issues being developed to the same degree as an original solution
- Estimates of implementation costs to central systems will be produced and consulted upon prior to a Modification being recommended for approval
- Legal text will be produced and consulted upon prior to a Modification being recommended for approval
- Modifications will be consulted upon and easily accessible to users, who will be given reasonable time to respond
- There will be flexibility for implementation, to allow proportionate delivery time and realisation of benefits
- The Code Administrators will annually report on Key performance Indicators (KPIs)

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<sup>8</sup> <http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents1/FinalCoP.pdf>

### ***Review Group Proposal***

2.20 The Review Group have determined that the any proposed changes to the current SQSS governance framework identified in this review should aim to remain consistent with the principles identified in the Code of Practice. Each element examined throughout this review will note any alignment with the principles identified in the Code of Practice.

### **Charging Methodologies**

2.21 This aspect of the Code Governance Review was concerned with the transfer of charging methodologies into relevant industry codes to promote open governance.

### ***Review Group Proposal***

2.22 The Review Group have determined that this element of the CGR is not applicable and no further action is to be taken.

### **Environment/Objectives**

2.23 The CGR recommends that relevant code panels should carry out an evaluation of the quantifiable impact of a Modification Proposal on Greenhouse Gas emissions when preparing and consulting on a Modification Proposal, where the impact is likely to be material and in accordance with guidance issued by the Authority.

2.24 Although the CGR was primarily concerned with the BSC, CUSC and UNC; the Grid Code and STC have both raised and implemented Modification Proposals to include an assessment of Greenhouse Gas emissions.

2.25 It is envisaged that the Proposer of any changes would initially consider the impact their proposal will have on Greenhouse Gas emissions. The respective Panel and, if required, Working Group would also consider the impacts. If it is determined that a material impact on Greenhouse Gas emissions will arise from a Modification then an environmental assessment would need to be carried out. Ofgem has published guidance<sup>9</sup> on the assessment of Greenhouse Gas emissions to aid with this process.

2.26 It is worth clarifying that Ofgem determined it would not be appropriate to extend the requirements on code panels and industry participants to take account of broader environmental impacts such as, but not exclusive to, flora and fauna, visual amenity and the natural landscape in considering a code modification proposal.

### ***Review Group Proposal***

2.27 The review group have determined that considering the environmental impact of a Review Request should form part of the assessment when examining proposed changes. This will bring the Review Group assessment of proposed changes more in line with that of the CUSC, Grid Code and STC.

2.28 The environmental assessment will be examined in any applicable section in this review of the SQSS governance framework.

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<sup>9</sup> <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=196&refer=Licensing/IndCodes/Governance>

## 3 SQSS Objectives & Review Group Functions

### SQSS Objectives

- 3.1 To enable the Review Group to effectively and consistently assess any proposed changes to the SQSS, it is essential to have a clear list of assessment criteria. The objectives within the current SQSS governance framework are used as the criteria for the Review Group to assess proposed Amendments. The objectives also clarify, to those who may wish to raise an Amendment, the minimum of what that proposal has to satisfy for the Review Group to consider it.
- 3.2 It should be noted that if a Proposer of an Amendment does not clearly identify and justify their reasons for why the proposed changes better meet the objectives, it will not progress through the Amendment Process. The Amendment Process is examined in Section 5.
- 3.3 The current terminology used in the SQSS governance framework does not align with the terminology used in the CUSC, Grid Code and STC. The assessment criteria used in these industry codes is referred to as ‘objectives’ whereas the SQSS governance framework refers to ‘Review Group Principles’. In order to avoid potential confusion and uncertainty from using multiple terms across different industry documents, it would be beneficial to align the SQSS terminology to that of the CUSC, Grid Code and STC. This is supported by the Code of Practice clear English principle.
- 3.4 At this point it is worth considering the current objectives within the SQSS governance framework, which are:
- (i) ***development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission;***
  - (ii) ***ensure an appropriate level of security and quality of supply and safe operation of the National Electricity Transmission System;*** and
  - (iii) ***facilitating effective competition in the generation and supply of electricity.***
- 3.5 It should be noted that the ‘objectives’ for the CUSC, Grid Code and STC originate from the Transmission Licence. The Licence conditions for the SQSS stipulate that the licensee shall at all times:
- (i) Plan, develop and operate the licensee’s transmission system; and
  - (ii) Co-ordinate and direct the flow of electricity onto and over the national electricity transmission system
- 3.6 The first point applies to all onshore and offshore Transmission Owners whereas the second point only applies to National Grid Electricity Transmission (NGET). These requirements form the basis for the SQSS objectives listed above. Additional items were included as part of the SQSS objectives to add clarity for the assessment of Modification Proposals and reflect other aspects of the Transmission Licence.

### ***Review Group Proposal***

- 3.7 The Review Group propose that the terminology ‘Review Group Principles’ is replaced with ‘SQSS Objectives’. This will remove potentially confusing terminology and improve alignment with terminology used in the CUSC, Grid Code and STC. This is supported by the Code of Practice clear English principle.

3.8 The objectives within the SQSS governance framework have been considered along with the objectives of each of the industry codes (a full list of the CUSC, Grid Code and STC objectives can be found in Annex 2). It is important to ensure that any modifications are assessed against objectives that are relevant to the changing industry, therefore the following objectives are proposed:

- (i) ***To facilitate the planning, development, and maintenance of an efficient, coordinated and economical system of electricity transmission, and the operation of that system in an efficient, economic and coordinated manner;***

This revised wording improves alignment with the purpose of the SQSS.

- (ii) ***Ensure an appropriate level of security and quality of supply and safe operation of the National Electricity Transmission System;***

- (iii) ***Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity; and***

Add 'and (so far as consistent therewith) facilitating such competition in the distribution of electricity' to cover the distribution element that may result as part of generation and supply competition.

- (iv) ***Facilitating electricity transmission licensees to comply with their obligations under EU law.***

The inclusion of an EU related objective is in response to the recent Directives and Regulation that have emerged as part of the European Third Energy Package. The future obligations that will emerge from Europe are not entirely clear at this moment in time and this objective is at a level which should 'future proof' the SQSS objectives to deal with any European developments.

3.9 The Review Group believe that these proposed objectives improve alignment with the SQSS and will prepare the SQSS to deal with any changes that emerge from Europe.

3.10 The revised objectives will need to be reflected in the proforma that is submitted as part of the Review Request, which is examined further in Section 5.

## Functions of the Review Group

3.11 As mentioned previously, the function of the Review Group is to facilitate reviews of the SQSS and ensure that the objectives identified in the SQSS governance framework are achieved. In addition to facilitating reviews of the SQSS, there are a number of functions that the Review Group must carry out. Under the current SQSS governance framework, the functions of the Review Group are:

- (i) ***keep the NETS SQSS governance arrangements under review;***
- (ii) ***consider requests to review the NETS SQSS;***
- (iii) ***facilitate industry consultations on proposed changes or amendments and alternatives; and***
- (iv) ***recommend to the Authority changes/amendments of the NETS SQSS.***

3.12 The current SQSS governance framework refers to the functions of the Review Group as 'Review Group objectives'. This terminology can clearly cause confusion and conflicts with the terminology for the SQSS Objectives. It would be beneficial to

reduce the possibility of confusion and align the SQSS terminology to that of the CUSC, Grid Code and STC. This is supported by the Code of Practice clear English principle.

### **Review Group Proposal**

3.13 The Review Group propose to remove the terminology 'Review Group Objectives' and instead have the functions of the Review Group noted within the SQSS governance framework under a new heading. This will remove potentially confusing terminology and improve alignment with terminology used in the CUSC, Grid Code and STC. This is supported by the Code of Practice clear English principle.

3.14 The above functions have been considered along with the functions of the CUSC, Grid Code and STC Panels (a full list of the panel functions for the CUSC, Grid Code and STC can be found in Annex 3). It is important to ensure that the functions support the development of the SQSS and promote a robust governance framework. In respect of these requirements, the following functions of the Review Group are proposed:

(i) **keep the NETS SQSS and its working under review;**

The change in text incorporates the previous functions of (i) and (ii).

(ii) **evaluation and administration of modifications to the SQSS in accordance with procedures set out in the governance framework;**

This function was adapted from the STC and is considered more descriptive. It replaces the previous function (iii).

(iii) **publish recommendations to modify the NETS SQSS that the Review Group determine are necessary or desirable and the reasons for the recommendations;**

This function refers to consulting with the industry on any recommendations to modify the SQSS that the Review Group deem necessary.

(iv) **recommend to the Authority any modifications of the NETS SQSS; and**

Updated terminology to align with other industry codes.

(v) **the Review Group shall endeavour at all time to perform its functions:**

- **in an efficient, economical and expeditious manner, taking account of the complexity, importance and urgency of particular reviews of the SQSS; and**
- **with a view to ensuring the SQSS facilitates achievement of its objectives.**

This function is included under another section within the current SQSS governance framework but it seems more appropriate to include it here as a function of the Review Group.

## 4 SQSS Review Group Composition

4.1 Within this section the Review Group composition will be examined and any Review Group proposals for change will be identified. Before each element of the Review Group composition is examined, it is important to understand the current structure of the Review Group. The Review Group currently consists of:

- a Chair;
- a Secretary;
- two National Grid Electricity Transmission (NGET) representatives;
- two Scottish Hydro Electric Transmission Limited (SHETL) representatives;
- two Scottish Power Transmission Limited (SPT) representatives; and
- at least one Authority (Ofgem) representative

### Review Group Terminology

4.2 For the SQSS, the current name for the body that reviews Amendment Proposals is the 'SQSS Review Group'. When comparing this terminology with the equivalent bodies for the CUSC, Grid Code and STC there is a disparity between them.

	CUSC	Grid Code	STC
Reviewing body	CUSC Modification Panel	Grid Code Review Panel	STC Committee

### Review Group Proposal

4.3 Two of the three reviewing bodies are 'Panels' and in order to improve terminology consistency across the industry it is proposed to rename the 'SQSS Review Group' to the 'SQSS Review Panel'. This will align terminology with the majority of reviewing bodies and is supported by the Code of Practice clear English principle.

### Chair

4.4 Currently, the Review Group Chair is appointed annually (or as otherwise agreed by the Parties) and must take into account the following functions:

- (i) ensure that meetings are conducted in a professional, proper, impartial and efficient manner; and
- (ii) ensure that each Party representative, any person invited to speak or any representative of the Authority has been given a reasonable opportunity to speak on any matter contained in the agenda for the meeting.

4.5 Within the SQSS governance framework the 'Parties' are currently NGET, SHETL and SPT. They are defined as such due to the Transmission Licence requirements they have to adhere to the SQSS. As Offshore Transmission Owners (OFTOs) are granted new Offshore Transmission Licences they will have to adhere to the SQSS and will therefore become a 'Party' in respect of the SQSS governance framework.

4.6 The number of new Offshore Transmission Licences will continue to increase and it may become progressively difficult to agree amongst all of the 'Parties' the appointment of a Chair. To avoid any potential difficulty and to improve transparency, it may be advisable for a selection process to be put in place for the Review Group

Chair. This is an issue that is becoming evident under the STC as an increasing number of Offshore Transmission Owners accede to the STC framework.

	<b>CUSC</b>	<b>Grid Code</b>	<b>STC</b>
<b>Chair selection</b>	Currently appointed by National Grid but from 30 <sup>th</sup> September 2011 a selection process for an independent Chair will come into force	Currently appointed by National Grid	Currently appointed annually from amongst STC Parties (or as otherwise agreed by the Parties). As identified above there is no election process STC Committee Chair.

### ***Review Group Proposal***

- 4.7 The Review Group believes that the existing functions for the Chair are robust and clearly explain their responsibilities.
- 4.8 The Review Group will consider putting in place a selection process for the Chair. The process would allow any Party, required to adhere to the SQSS, to Chair the Review Group inline with the functions set out above.
- 4.9 The Review Group have also considered the frequency in which the Chair is appointed. The Review Group currently meets on a quarterly basis which results in a Chair being reappointed every four meetings. It is proposed to have the Chair appointed every two years (eight meetings) rather than annually. This should improve the consistency across the Chairing of Review Group meetings.

### **Secretary**

- 4.10 The Review Group is assisted by a Secretary that ensures all the documentation is in place prior to a Review Group meeting and records the minutes of the meetings. The Secretary also ensures that any Review Request is complete before tabling it at the next Review Group meeting. The Secretary is also required to assist in the creation of various documents that will be sent to the Authority for decisions on Amendment Proposals as well as updating the SQSS to reflect any determinations received. The Secretary provides the key administration for the Review Group and the SQSS.
- 4.11 National Grid currently provides the Secretary for the Review Group as part of its administration role for the SQSS. National Grid also provides the Secretary for the CUSC, Grid Code and STC.

### ***Review Group Proposal***

- 4.12 The Review Group is not proposing any changes to the role of the Secretary or the way in which they are appointed. By continuing to have National Grid provide the Secretary it will remain consistent with the CUSC, Grid Code and STC.

### **Members**

- 4.13 A critical element of the Review Group is the composition of the membership. If the membership is not fairly representative there is a risk of not having a holistic view of any issues brought to the Review Group.

- 4.14 The Review Group membership currently consists of the three Parties; NGET, SHETL and SPT. Each Party is entitled to send two representatives, or a number agreed between the Parties.
- 4.15 The Authority also has representation on the Review Group and is able appoint one or more representatives to attend and speak at any Review Group meeting. For the avoidance of doubt, the Authority is not considered a Party under the SQSS governance framework.
- 4.16 As noted previously, Offshore Transmission Licences are being granted and these Offshore Transmission Owners (OFTOs) are not currently represented on the Review Group. It is expected that the number of OFTOs will increase in the future and it is important to enable their participation in the Review Group as they will be required in their Transmission Licence to adhere to the SQSS.
- 4.17 As the number of OFTOs increase, it would be inefficient to request all OFTOs attend Review Group meetings. The STC Committee currently has two OFTO representatives that represent the interests of the other OFTOs that have acceded to the STC. These representatives were appointed using a selection process<sup>10</sup> in which each OFTO was able to nominate a potential candidate for the representative positions. Following nominations, a list of nominated candidates was circulated and, using a preferential voting system, two OFTO representatives were selected. It is worth considering the selection process contained within the STC for implementation into the SQSS governance framework.
- 4.18 There have been discussions within industry workshops regarding the composition of the Review Group and it was noted that there were no strong views on industry representation on the Review Group, except if this is needed to facilitate getting proposals to Ofgem from a relevant interested person.
- 4.19 The Review Group have taken these views into account but believe that having industry representation on the Review Group would be a positive step in improving transparency and engagement with the industry. This is consistent with the Code of Practice (COP) in regards to encouraging wider participation.
- 4.20 As there was not a strong industry view on representation, the Review Group is proposing to approach representative bodies of electricity generation and distribution to, if they wish, nominate representatives to be part of the Review Group.

### ***Review Group Proposal***

- 4.21 The Review Group want to ensure that any issues brought before them are able to be holistically examined to resolve issues as efficiently as possible. To improve the engagement of the wider industry and facilitate a more holistic debate around issues, the Review Group is proposing to create the following new roles:
- two Offshore Transmission Owner (OFTO) representatives;
  - one generation representative; and
  - one distribution representative.
- 4.22 As OFTOs will have to adhere to the SQSS they will be considered a Party under the SQSS governance framework. Having two representatives will remain consistent with the number of representatives sent by other SQSS Parties. It is also proposed to introduce a selection process based on the STC for the appointment of OFTO representatives. It should be noted that until governance arrangements are established, OFTOs have been invited to join the Review Group on an informal basis.

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<sup>10</sup> This selection process can be found in Section B, Annex B1 of the STC.

4.23 The generation and distribution roles will be observer roles to facilitate the wider view of the industry. They will not be required for Review Group quorum, which is examined Section 6.

4.24 Below is a summary of the proposed Review Group Members:

	<b>Review Group Proposed Membership</b>
<b>NGET</b>	2 x National Grid Electricity Transmission representatives
<b>SHETL</b>	2 x Scottish Hydro Electric Transmission Limited representatives
<b>SPT</b>	2 x Scottish Power Transmission representatives
<b>Authority</b>	1 x Authority representative
<b>OFTOs</b>	2 representatives elected from amongst the Offshore Transmission Owners
<b>Industry</b>	1x Generation and 1x Distribution representative

### **Alternate Members**

4.25 There are currently no provisions within the SQSS governance framework for Alternate Members. As noted previously, each SQSS Party (NGET, SPT and SHETL) is allowed to send two representatives and, under the current quorum rules, at least one representative will always attend or notify the Review Group Secretary of alternative representation. The CUSC, Grid Code and STC all have provisions for Alternate Members, although the STC Alternate Member provisions only relate to OFTOs.

### **Review Group Proposal**

4.26 The Review Group proposes that NGET, SPT and SHETL continue to indicate who their two representatives are.

4.27 As for the proposed Industry representative roles, the Review Group notes that these are observer roles and if they are unable to attend a Review Group meeting they shall be able to nominate an alternate to attend.

4.28 As for the proposed OFTO representative roles, the proposed selection process would identify the two representatives as well as two alternate members that will be permitted to attend in the absence of an OFTO representative.

### **Duties of Panel Members**

4.29 Within the current SQSS governance framework there are no duties stipulated for panel members. This currently is not an issue for the Review Group as each Party is representing the interests of their respective transmission company.

4.30 With the introduction of OFTOs there is arguably a requirement for the OFTO representatives to impartially and fairly represent the interests of those OFTOs that are not part of the Review Group. The representation on the CUSC and Grid Code is varied and within the governance arrangements for both codes there are responsibilities identified for the Panel members. The STC Committee is currently considering the inclusion of impartiality clauses for the OFTO representatives to ensure that the wider OFTO interests are fairly represented.

## Review Group Proposal

- 4.31 The Review Group is not proposing any changes to the existing framework regarding the duties of NGET, SHETL and SPT representatives as they will continue to represent the interests of their respective transmission companies.
- 4.32 As part of the new arrangements to facilitate the inclusion of OFTOs within the Review Group, it is proposed to include a duty of impartiality for the OFTO representatives to facilitate fair representation of all OFTOs.

## Voting

- 4.33 The concept of voting is not currently within the SQSS governance framework but it is an element that is within the CUSC, Grid Code and STC. However, the way in which voting is utilised varies between the codes but it provides a clear and democratic way to make decisions on any matter that may arise. The primary use of the vote is in relation to the Amendment Process and each of the Panels try to achieve a unanimous decision on any issue rather than resorting to the use of voting arrangements.
- 4.34 If a vote is called under the CUSC, Grid Code and STC, what constitutes a majority varies between them. The Grid Code and CUSC state that any decision that has a simple majority of votes will be agreed whereas the STC requires that a decision must have 65% of the votes before it will be considered to be the majority. Below is a summary table of who is able to vote in the CUSC, Grid Code and STC:

	CUSC	Grid Code	STC
<b>Chair</b>	Casting vote only in draw scenario and not in matters relating to Panel Recommendation vote	One vote plus casting vote	No vote
<b>Secretary</b>	No vote	No vote	No vote
<b>Member</b>	One vote per member	One vote per member	One vote per Party
<b>Alternate Member</b>	Able to vote on behalf of non attending member	Able to vote on behalf of non attending member	Able to vote on behalf of non attending member (only applicable to OFTOs)
<b>Authority Rep.</b>	No vote	No vote	No vote

- 4.35 If voting arrangements are to be introduced into SQSS governance, it would need to be made clear who was able to cast a vote and on what issues would a vote take place. The voting arrangements in the STC appear to be the most applicable for the composition of the Review Group. Below is a summary table of who could vote on the Review Group if the arrangements were based on the STC:

	Review Group voting based on the STC
<b>Chair</b>	No vote
<b>Secretary</b>	No vote
<b>NGET</b>	1 x vote
<b>SHETL</b>	1 x vote
<b>SPT</b>	1 x vote
<b>OFTOs</b>	1 x vote
<b>Authority Rep.</b>	No vote
<b>Industry Rep.</b>	No vote
<b>TOTAL</b>	4 votes

- 4.36 In line with the CUSC, Grid Code and STC any voting in the SQSS governance framework would likely relate to the progression of proposals through the Amendment Process.
- 4.37 If an SQSS Party is outvoted and believes that the changes being proposed do not better facilitate they will be able to reflect this view within the final report that is submitted to the Authority for a decision. It should be noted that if the Authority directs a change to the SQSS and also directs a change to each Transmission Licence to make reference to the updated version of the SQSS, any transmission licensee can appeal the decision by Ofgem to make that change to their licence. This is explained further in Section 5 under 'SQSS Text Change'.

### **Review Group Proposal**

- 4.38 The Review Group have considered the various elements identified and has determined that there is no substantial benefit from introducing voting arrangements. Each of the SQSS Parties can currently represent their views within the report that is submitted to the Authority for a decision. The submission of the views arguably indicates, as any voting would do, the preference of an SQSS Party on any proposed Review.

### **Term of Office**

- 4.39 There are no defined timescales within the SQSS governance framework for how long a Chair, Secretary or Party representative is on the Review Group. As NGET, SHETL and SPT represent themselves on the Review Group, there has never been a requirement for their Party Representation to expire.
- 4.40 Term of office is more applicable if arrangements are put in place to allow OFTO representation on the Review Group. Below are the current terms of office for CUSC, Grid Code and STC to highlight differences and provide possible suggestions for the Review Group:

	<b>CUSC</b>	<b>Grid Code</b>	<b>STC</b>
<b>Chair</b>	Expires every two years on 30 <sup>th</sup> September	No expiry	Expires annually (or as agreed by STC Committee)
<b>Secretary</b>	No expiry	No expiry	No expiry
<b>Member</b>	Expires every two years on 30 <sup>th</sup> September	Expires annually at the first Grid Code Review Panel in February	TOs - No expiry OFTOs - Expires annually on 31 <sup>st</sup> March
<b>Alternate Member</b>	Expires every two years on 30 <sup>th</sup> September	Expires annually at the first Grid Code Review Panel in February	TOs - N/A OFTOs - Expires annually on 31 <sup>st</sup> March
<b>Authority Rep.</b>	No expiry	No expiry	No expiry

### **Review Group Proposal**

- 4.41 The Review Group proposes to replicate the terms of office from the STC with the exception that the Chair and OFTO positions will expire after two years rather than annually. The rationale behind this decision is that the Review Group currently meets on a quarterly basis and two year expirations should improve consistency across the Review Group meetings.

4.42 The proposed industry representative roles would not have an expiry as they are observer roles. Below is a summary of the Review Group proposals:

	<b>Review Group Proposal</b>
<b>Chair</b>	Expires every second year from 31 <sup>st</sup> March 2012
<b>Secretary</b>	No expiry
<b>Member</b>	TOs - No expiry OFTOs - Expires every second year from 31 <sup>st</sup> March 2012
<b>Alternate Member</b>	TOs - N/A OFTOs - Expires every second year from 31 <sup>st</sup> March 2012
<b>Authority Rep.</b>	No expiry
<b>Industry Reps.</b>	No expiry

### Removal from Office

4.43 There are currently no arrangements for the removal of a Member or Alternate Member from the Review Group. These arrangements are envisaged to never be needed but could prove to be a vital requirement should the need arise. The CUSC, Grid Code and STC all have arrangements for Members or Alternate Members to be removed from office. The CUSC and STC provide robust arrangements which are:

<p>A person shall cease to hold office as a Party Representative or an Alternate Representative:</p> <p>(a) upon expiry of his term of office unless re-appointed;</p> <p>(b) if he:</p> <ul style="list-style-type: none"> <li>(i) resigns from office by notice delivered to the Panel Secretary;</li> <li>(ii) becomes bankrupt or makes any arrangement or composition with his creditors generally;</li> <li>(iii) is or may be suffering from mental disorder and either is admitted to hospital in pursuance of an application under the Mental Health Act 1983 or the Mental Health (Scotland) Act 1960 or an order is made by a court having jurisdiction in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person with respect to his property or affairs;</li> <li>(iv) becomes prohibited by law from being a director of a company under the Companies Act 1985;</li> <li>(v) dies; or</li> <li>(vi) is convicted on an indictable offence; or</li> </ul> <p>(c) if the Panel resolves (and the Authority does not veto such resolution by notice in writing to the Panel Secretary within 15 Business Days) that he should cease to hold office on grounds of his serious misconduct;</p>
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4.44 These arrangements are specific to a person acting as a representative on the various Panels.

### **Review Group Proposal**

4.45 The Review Group does not envisage that these arrangements will be needed but it is proposed to incorporate clauses similar to those above into the SQSS governance

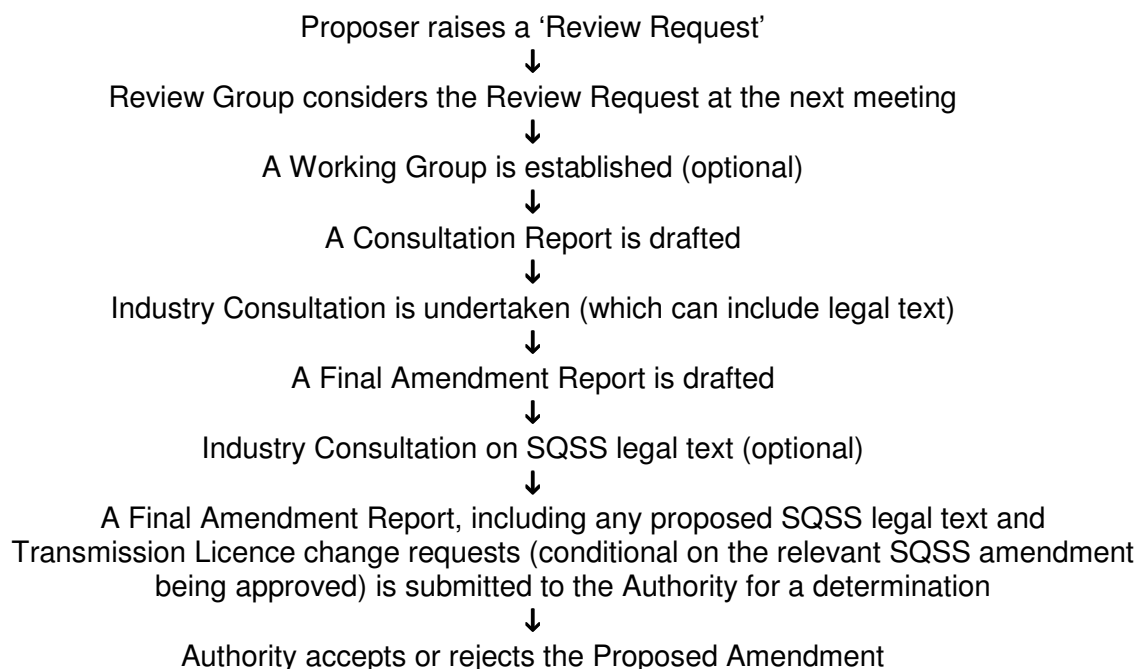
framework. This will improve consistency among the industry and will prove necessary should the need ever arise to remove a Review Group member.

- 4.46 It should noted, that the Alternate Representative clauses would only be applicable to OFTO Alternate Members once the governance arrangements are put in place.

## 5 SQSS Amendment Process

5.1 This section will examine each element of the current Amendment Process. To aid understanding and see how the current Amendment Process works, a flow diagram explaining the current Amendment Process can be found in Annex 4.

5.2 A high level overview of the current process has been included below for reference:



5.3 One of the outputs from the Code Governance Review was that there should be an alignment towards a common Modification Process across the industry. By having a common process across the codes it would improve transparency and understanding amongst industry participants that have interactions with multiple industry codes and documents. Each element of the current Amendment Process for the SQSS will be considered against the common process identified by the Code of Practice. Details of the common process can be found in Annex 5.

### Amendment Process Terminology

5.4 Currently under the SQSS governance framework the change process is known as the 'Amendment Process'. When examining the terminology used for the change process across the CUSC, Grid Code and STC there are different ways of referring to the same process.

	CUSC	Grid Code	STC
Change process terminology	Modification Process	Amendment Process	Amendment Process

5.5 When looking at the Code of Practice, it refers to 'Modification Process' and it is worth noting that within the industry, the terms 'Amendment' and 'Modification' are used interchangeably.

### Review Group Proposal

5.6 The Review Group proposes to adopt the terminology found in the CUSC and recommended by the Code of Practice. This will change the SQSS terminology of

'Amendment Process' to 'Modification Process'. The Grid Code and STC Panels are both considering the outcomes of the Code of Practice and there could be further alignment to the term 'Modification' in these codes.

## Review Request

- 5.7 The current SQSS governance framework describes the first stage of the Amendment Process as a 'Review Request'. A Proposer will submit a proforma to the SQSS Secretary which outlines the following:
- (a) name of Proposer and contact details;
  - (b) a description of the issue which the request seeks to address;
  - (c) a description of the request and of its nature and purpose;
  - (d) where possible, an indication of those parts of the NETS SQSS which, in the opinion of the Proposer, would be likely to require amendment in order to give effect to (or would otherwise be affected by) the request and an indication of the nature and contents of those amendments or effects (including, where relevant, any need for the establishment of new, or removal of existing NETS SQSS criteria and methodologies);
  - (e) the reasons why the Proposer believes that the request would better facilitate achievement of the Review Group Principles as compared with the then current version of the NETS SQSS, together with background information in support thereof;
  - (f) where possible, an indication of the potential impact of the proposal on any Industry Framework Document; and
  - (g) where possible, an indication of the potential impact of the request on relevant computer systems and processes used by the Parties and on any proposed requests.
- 5.8 Following receipt of a Review Request, the Secretary will check the proforma for completeness and, if complete, table the Review Request for discussion at the next Review Group meeting.
- 5.9 In line with the Review Group proposal to provide an assessment of the environmental impacts of a proposed change (discussed under 'Environment/Objectives in Section 2), the proforma should be updated to require the Proposer to provide their initial view.
- 5.10 In considering the Code of Practice, Principle 6 appears particularly relevant to this section of the Amendment Process. This principle refers to a Proposer being able to retain ownership of their Proposal and the detail of the solution they have identified. Working Groups would be able to assist the proposer in designing and assessing their solution, advising on any issues but not changing the solution unless the proposer agrees. This may improve the ownership of Amendments to the SQSS and put a clear onus on the Proposer to drive the Amendment.
- 5.11 Under the current framework, Parties that can raise a Review Request are:
- NGET, SPT or SHETL;
  - The Authority; or
  - Relevant interested person

- 5.12 In regards to the proposed new roles (OFTO, generation and distribution representatives) on the Review Group, it is expected that they will all be able to initiate a Review Request. The OFTOs would be able to initiate a Review as an SQSS Party whereas the generation and distribution representatives could raise a review as a relevant interested person.
- 5.13 If the terminology for the Amendment Process is to be aligned with that of the CUSC and the Code of Practice, the term 'Review Request' would be replaced with 'Modification Proposal'. The revised terminology is clearer in its intent and would improve consistency across the codes. It is anticipated that the Grid Code and STC will adopt terminology in line with the Code of Practice upon review of their governance frameworks.

### ***Review Group Proposal***

- 5.14 The Review Group have considered the above points and make the following recommendations:
- The term 'Review Group' is replaced with 'Modification Proposal' to align with the CUSC and Code of Practice.
  - A Proposer will retain ownership of their proposals and will have an onus to progress the proposals they have raised. They will also provide a single point of contact so that any questions regarding their proposal can be quickly addressed to the correct person. In line with these recommendations, a Proposer should have the ability and requirement to attend any Review Group meeting in which their proposal is being discussed.
  - Continuing with the use of a proforma is in line with the recommendations of the Code of Practice and the current content of the proforma seems appropriate but it should be kept under review and updated with any applicable recommendations that emerge from this review.

### **Review Group Assessment**

- 5.15 Once the Secretary has examined the Proposers Proforma and assessed it for completeness, it will be tabled as an agenda item at the next Review Group meeting. At that meeting the Review Group will assess the proposal and determine:
- if any further information is needed to properly consider the proposal;
  - if it better facilitates the achievement of the objectives of the SQSS; and
  - if it can be amalgamated with any other Reviews.
- 5.16 Under the CUSC, Grid Code and STC all proposals are submitted to the Secretary before they are tabled at the next Panel meeting. Under the CUSC governance arrangements, the Secretary, in addition to checking for completeness, also provides an assessment as to whether the CUSC objectives are better facilitated before tabling it as an agenda item at the next Panel meeting.
- 5.17 The proposal will progress to the creation of a Consultation Report if the Review Group determines that all aspects of the proposal have been;
- thoroughly considered with robust solutions developed;
  - that no further investigation or examination is required; and
  - the proposal better facilitates the achievement of the identified objectives.
- 5.18 However, if the Review Group determines that further assessment and evaluation is required, the proposal will progress to a Working Group. This further examination can

include further analysis into whether the objectives are better facilitated. Working Groups and Consultation Reports will be examined further in this section.

- 5.19 Should the Review Group not be able to unanimously agree on the progression of a Review Request to either a Working Group or Consultation Report, the Review Request progresses to a Working Group for further assessment.

### ***Review Group Proposal***

- 5.20 The Review Group proposes to continue to have the Secretary assess the Review Requests for completeness and then the Review Group will assess the proposal to determine next steps.
- 5.21 In line with proposals identified in paragraph 5.13, it is suggested that the Proposer attends the Review Group meeting at which their Review Request is assessed, to allow for efficient resolution of any questions the Review Group may have.

### **Working Groups**

- 5.22 Under the current SQSS governance framework, a proposal will progress to a Working Group if the Review Group believes it requires further assessment and investigation prior to progressing further through the Amendment Process. It can also progress to a Working Group if the Review Group cannot agree on whether a change is required.
- 5.23 A Working Group provides an opportunity to examine the proposal in detail and to help develop a solution. The Working Group will consist of members nominated by the Panel and its composition will depend on the analysis required. The Panel also sets the Terms of Reference for the Workgroup which should include the expected deliverables and the timetable for reporting back to the Review Group.
- 5.24 The Working Group is able to invite representations or commission such studies, convene industry workshops and other evaluation as it deems appropriate in order that each Part of the Review Group is provided with sufficient information to assess whether the request would better facilitate the achievement of the objectives within the governance framework. The Working Group will also request from the SQSS Parties (NGET, SHETL, SPT and, once arrangements are implemented, OFTOs) an analysis and impact assessment of the likely effect the proposals will have on that Party's transmission system.
- 5.25 Once a Working Group has achieved its Terms of Reference it will publish a Working Group Report which will make recommendations for consideration by the Review Group. If the Review Group determines that further information is still required that can refer it back to the Workgroup for further assessment. If it is agreed that the Terms of Reference have been achieved the proposal can be drafted into a Consultation Report.
- 5.26 The Working Group Report should be made available to the industry to see the outcome of the work undertaken. It should also be in line with the clear English principle identified in the Code of Practice.
- 5.27 In regards to the structure of a Working Group, the current SQSS governance framework does not provide any guidance. SQSS Working Groups typically have a Chair and Secretary but this is not documented within the current text. The CUSC has a clear structure regarding the formation and running of Working Group whereas the Grid Code and STC are less prescriptive. By providing additional clarity around the structure of Working Groups it could help to improve understanding of the process for industry participants.

- 5.28 In line with improving the structure of Working Groups it is worth noting that the CUSC has a defined quorum of 5 persons for a Working Group to be held. It is worth considering whether a quorum should be defined for SQSS Working Groups to ensure a minimum amount of representation can examine the issue.
- 5.29 There are also provisions within the CUSC for the removal of Workgroup members if they are unwilling or unable to fulfil their obligations and/or is deliberately disrupting or frustrating the work of the Workgroup. It is not envisaged that these arrangements will ever be needed but they could prove to be a vital requirement should the need arise.
- 5.30 It is also worth examining the time limit for a Working Group within the SQSS governance framework. The CUSC and STC both have defined time limits to ensure that progression is made and that an issue does not remain within the stage for an excessive amount of time. A summary of the various Workgroup time scales are shown below:

	<b>CUSC</b>	<b>Grid Code</b>	<b>STC</b>
<b>Working Group time limits</b>	4 months (extensions granted by Authority approval)	No limit	2 months (extensions granted by Authority approval)

- 5.31 A time limit has never been defined within the Grid Code due to the technical issues that are contained within proposals. Whilst the Grid Code and SQSS are comparable in the issues that they examine, it is still worth considering whether some time limits should be placed within the SQSS governance arrangements to ensure there are clear timescales for reporting back to the Review Group.
- 5.32 If the terminology for the Amendment Process is to be aligned with that of the CUSC and the Code of Practice, the term 'Working Group' would be replaced with 'Workgroup'. The revised wording would improve consistency in the use of terminology across the industry codes and documents. It is anticipated that the Grid Code and STC will adopt terminology in line with the Code of Practice upon review of their governance frameworks.

### ***Review Group Proposal***

- 5.33 The Review Group proposes to leave the purpose of Working Groups unchanged and make clarifications to ensure that Working Groups are an efficient means of assessment for issues brought to the Review Group.
- 5.34 It is proposed to build upon the existing arrangements by including:
- a defined basic membership for a Working Group (e.g. a Chair and Secretary);
  - a requirement to have Working Group minutes (taken by the Secretary) published to the National Grid website to improve transparency and industry awareness of issues;
  - a requirement to have clear terms of references which outline the objectives of the Working Group and the expected timeframe for reporting back to the Review Group;
  - a standard time limit of 6 months to allow for thorough examination of the proposals (the Review Group recognises that 6 months may be an insufficient length of time to investigate issues and it is expected for the Working Group to keep the Review Group informed of progress to determine if extensions (granted by the Review Group) are required);

- a quorum of 5 persons to ensure a minimum level of representation on any Working Group (with the view that if a quorum is unachievable it should not hinder the creation and progress of a Working Group);
- an ability to remove Working Group members; and
- change the term 'Working Group' to 'Workgroup' in line with the CUSC and Code of Practice.

5.35 The Review Group expects that by putting in place the above recommendations that Working Groups will have a clearer structure and direction for producing timely results for the progression of issues. The Review Group also expects that the Working Group Report published should be in line with the clear English principle identified in the Code of Practice to ensure that it is written in a way that allows for the widest relevant readership.

## Consultation Report

5.36 As noted earlier, a Review Request can progress to a Consultation Report via two routes:

- directly from the initial consideration by the Review Group (no Working Group required); or
- following conclusion of a Working Group.

5.37 Under the current arrangements, the Consultation Report is drafted by the Review Group Secretary and sets out:

- the details of the initial Review Request,
- a copy of the Working Group Report (if one was held)
- a summary of assessments and impacts identified
- a summary of the Transmission Licensees' initial views on the recommendations
- a Review Group proposed implementation date and seek views of industry on implementation.

5.38 The current SQSS governance framework also notes that an analysis of the following should be included, if not included in the above contents:

- (i) the impact of the Proposed Modification(s) on the Core Industry Documents;
- (ii) the changes which would be required to give effect to the Proposed Modification(s) in relation to the Core industry Documents;
- (iii) the mechanism and likely timescale for making the changes referred to in sub-paragraph (ii);
- (iv) the changes or developments which would be required to central computer systems and, if practicable, processes used in connection with the operation of arrangements established under the Core Industry Documents;
- (v) the mechanism and likely timescale for making the changes referred to in sub-paragraph (iv);
- (vi) an estimate of the costs associated with making and delivering the changes referred to in sub-paragraphs (ii) and (iv), such costs being expected to relate to: for (ii), the costs of implementing modifications to the Industry Framework

Document(s), and for (iv), the costs of changes to computer systems and possibly processes which are established for the operation of the Core industry Documents

- 5.39 In line with the Review Group proposal to provide an assessment on the Greenhouse Gas impacts of a proposed change (discussed under 'Environment/Objectives in Section 2), the Consultation Report should include this assessment.
- 5.40 The Consultation Report should allow any relevant industry participant to understand the entire issue presented before them and to see the deliberations of the Workgroup (if one was held). As part of the Code Governance Review, it was suggested that the industry adopt a similar set of templates for each section of the change process to improve consistency and readability across the industry. Although each has a slightly different change process, the CUSC, Grid Code and STC have adopted templates along a similar style following the CGR recommendations.
- 5.41 It is currently stipulated that any representations in relation to the consultation should be received within 20 business days (or other such period as the Review Group determines) of publication. The CUSC, Grid Code and STC use the following time scales:

	<b>CUSC</b>	<b>Grid Code</b>	<b>STC</b>
<b>Consultation time limits</b>	15 business days inline with the Code of Practice recommendation	No period defined (although the standard period is 20 business days)	A period determined by the STC Committee but no longer than one month

### ***Review Group Proposal***

- 5.42 The Review Group is proposing to leave the Consultation Report phase of the Amendment Process largely unchanged. The only recommendations identified are:
- inclusion of a Greenhouse Gas impact assessment within the Consultation Report; and
  - develop a standard template for the Consultation Report

### **Amendment Report**

- 5.43 Under the current SQSS governance framework, the Review Group will consider any representations made in response to the Consultation Report and shall instruct the Secretary to prepare the 'Amendment Report' which will contain all the information in the Consultation Report and incorporate any comments received.
- 5.44 At this point there are three possible outcomes for the proposed amendment:
- If all SQSS Parties agree that an amendment to the SQSS is not required, the Secretary will prepare the Amendment Report and submit it to the Authority.
  - If all SQSS Parties agree that an amendment to the SQSS is required, the Secretary will prepare the Amendment Report and submit it to the Authority. Each Party will individually send a Transmission Licence change request to the Authority based on the Amendment Report<sup>11</sup>.
  - If all SQSS Parties do not agree that an amendment to the SQSS is required, each party shall prepare their own written recommendation which shall be incorporated

<sup>11</sup> In the Transmission Licence of each SQSS Party, there is a reference within the applicable licence condition to the version, currently 2.1, of the SQSS that is applicable to that Transmission Owner.

into the Amendment Report. The Secretary will then prepare the Amendment Report and submit it to the Authority and only those Parties that recommend an amendment to the SQSS may decide to submit a Transmission Licence change request to the Authority.

5.45 It was noted in the industry workshops that the Review Group responses, to the Consultation Report representations received, should be included within the Amendment Report to improve transparency for the industry. The Review Group have also noted that there is no clarity within the governance framework that a respondent can make their representations confidential if sensitive information is submitted as part of their representation.

5.46 The terminology in use for this stage of the Amendment Process is the 'Amendment Report'. When looking at the CUSC, Grid Code and STC there is a variety of terminology in use for this stage:

	CUSC	Grid Code	STC
Terminology	CUSC Modification Report	Report to the Authority	Amendment Report

5.47 As part of the Code Governance Review, it was suggested that the industry adopt a similar set of templates for each section of the change process to improve consistency and readability across the industry. Although each has a slightly different change process, the CUSC, Grid Code and STC have adopted templates along a similar style following the CGR recommendations.

### ***Review Group Proposal***

5.48 The Review Group is proposing to leave the Amendment Report phase of the Amendment Process largely unchanged. The only recommendations identified are:

- include the Review Group responses, to Consultation Report representations, within the Report to the Authority that is submitted for a decision;
- improve clarity over confidential responses;
- develop a standard template for the Amendment Report; and
- adopt terminology consistent with that of the CUSC, this will change the current 'Amendment Report' to 'Modification Report'.

### **SQSS Text Change**

5.49 As identified in the previous section, if all SQSS Parties agree that a change to the SQSS is required, the existing Governance framework records that the SQSS Parties will submit a Transmission Licence change request.

5.50 In each Transmission Licence there is a reference to the version of the SQSS that is in effect, the current version in effect for each Transmission Licenses is 2.1. If, by the end of the Amendment Process, all of the SQSS Parties do not agree that a change is required, only those parties that recommend a change may decide to submit a Transmission Licence change request along with the Amendment Report.

5.51 This could result in multiple versions of the SQSS being in effect (e.g. 2.1 for one SQSS Party and 2.2 for the other Parties that recommended the change). This could arguably cause confusion and inconsistency if Transmission Owners are operating to different versions of the SQSS. However, once the licence modification rules in the Electricity Act are amended to allow Ofgem to direct a licence change for all relevant

licensees, which will be done shortly as part of the implementation of the EU Third Package, this risk will largely be removed.

- 5.52 The revised licence modification procedures will also provide a clear method for each Transmission Licensee to appeal decisions made by the Review Group.
- 5.53 Without this reference to a version number, an SQSS Party could be forced to make changes to the SQSS that they do not agree with and which could impact on the company without any ability to appeal the decision.

#### ***Review Group Proposal***

- 5.54 The Review Group is not proposing to make any changes to this process at the moment. The issues regarding appeals has been identified, by the Review Group and the Authority, and the most prudent step is to determine a way forward that will remove possible confusion and uncertainty from multiple version references in the Transmission Licenses without losing the right to appeal. This work will continue separately to this Review of the SQSS Governance Framework.

#### **Approval/Implementation**

- 5.55 Once the Authority has received the Amendment Report, they have a KPI to make a decision within 25 business days, where it is not necessary to carry out an impact assessment. If the Authority approves an Amendment, they will indicate an implementation date which is likely to line up with the implementation date proposed in the Amendment Report.
- 5.56 It is the role of the Secretary to implement any changes to the SQSS by the implementation date prescribed in the Authority decision.

#### ***Review Group Proposal***

- 5.57 The Review Group is not proposing any changes to this aspect of the Amendment Process.

### Code Administrator

- 6.1 The CUSC and Code of Practice specifically refer to a Code Administrator however, there is no specific identification of a Code Administrator within the SQSS governance framework. The Secretary performs the key administration role for the SQSS in terms of drafting the necessary documents and minutes, organising the Review Group meetings and implementing any changes to the SQSS as directed by the Authority.
- 6.2 As the Secretary is provided by National Grid, they are essentially the administrator for the SQSS. National Grid also provides an administration role for the CUSC, Grid Code and STC.

### *Review Group Proposal*

- 6.3 The Review Group is not proposing any changes to this element of the governance framework. Having National Grid perform this administration role is consistent with the CUSC, Grid Code and STC.

### Meeting Frequency

- 6.4 The Review Group meetings are currently held on a quarterly basis unless otherwise requested by an SQSS Party and with the agreement of the other Parties. It is also stipulated within the governance arrangements that these meetings take place within Great Britain.
- 6.5 Review Group meetings are convened by the Secretary who will give notice to all Review Group members:
- setting out the date, time and place of the meeting and giving at least ten business days notice before the date of the meeting;
  - providing an agenda on the matters for consideration at the meeting and any supporting papers at the time the notice is given.

### *Review Group Proposal*

- 6.6 The Review Group is proposing to leave the decision of meeting frequency up to the Review Group with the provision that they must meet a minimum of four times a year by a method of their choosing (e.g. teleconference, in person, video conferencing, etc...). The requirement to have these meetings take place within Great Britain is not seen as necessary and will be removed from the governance framework.
- 6.7 It is also proposed to have the Secretary to continue to convene the meetings.

### Quorum

- 6.8 Under the current arrangements, a quorum is constituted where each Party is represented by at least one Party Representative, unless a Party notifies the Review Group Secretary and the other Parties that the matters to be discussed at the Review Group meeting do not materially affect them, in which case the Party (with the consent of the other Parties) may waive their right to attend.
- 6.9 With the introduction of new roles, consideration will have to be given as to whether their attendance is required for a quorum. As the OFTO representatives would be classed as SQSS Parties, their attendance requirements would be similar to that of the

existing SQSS Parties. It is not expected that, as observers, the generation and distribution representatives' attendance would be required for a quorum.

### ***Review Group Proposal***

- 6.10 The Review Group is proposing that the existing arrangements are left in place and that the quorum rules are updated to reflect the new proposed role of OFTO, generation and distribution representatives.
- 6.11 It should be noted that a quorum for Working Group is being proposed under 'Working Groups' in Section 5.

### **Attendance by other persons**

- 6.12 Under the current arrangements, a Party (NGET, SPT and SHETL) may, with the agreement of the other Parties, invite any person to attend a Review Group meeting. The only restriction is that they are not able to invite a person that is already entitled to attend.
- 6.13 With the introduction of new roles, consideration will have to be given as to whether they are able to invite other persons to attend. It is expected that OFTO, generation and distribution representatives will be able to invite others to attend with the agreement of the other Parties.

### ***Review Group Proposal***

- 6.14 The Review Group is proposing to update who is able to invite other persons to attend to reference the new roles proposed.

### **Minutes**

- 6.15 Under the current arrangements, the Secretary produces minutes of the Review Group meeting as soon as is practicable after each meeting. These minutes are then commented upon by the Review Group and approved at the next meeting. Following approval, the minutes will be published on the National Grid website.

### ***Review Group Proposal***

- 6.16 The Review Group is not proposing any changes to the existing arrangements.

### **Review Register**

- 6.17 The Review Register is established and maintained by the Secretary as part of the administration of the SQSS. The purpose of the Review Register is to assist the Review Group in the operation of the review procedures under the current governance framework and to keep relevant interested parties informed of the progress of proposed reviews and Amendments that have been approved by the Authority.
- 6.18 The Review Register shall record, in such form as the Review Group determines, the following:
- (a) details of each request (including the name of the Proposer, the date of the request and a brief description of the Proposed Review);

- (b) the current status and progress of each request and the anticipated date for reporting to the Authority in respect thereof;
- (c) the current status and progress of each Approved Amendment to the SQSS; and
- (d) such other matters as the Review Group may consider appropriate from time to time in order to achieve the purpose of the Review Register.

6.19 The Review Register shall, in addition to those identified above, also include details of:

- (a) each request which has been withdrawn or rejected by the Review Group; and
- (b) each Amendment to the SQSS which has been implemented,

for a period of six months after such withdrawal, rejection or implementation, or such longer period as the Review Group may determine.

6.20 It is also the role of the Secretary to ensure that Review Register is kept up to date and published to the National Grid website.

### ***Review Group Proposal***

6.21 The Review Group is not proposing any changes to the Review Register or the role of the Secretary in producing and maintaining it.

## 7 Conclusions

- 7.1 The Review Group have examined a number of elements within the SQSS governance framework and has suggested possible improvements based on those arrangements found in the CSUC, Grid Code and STC whilst considering the recommendations of the Code Governance Review.
- 7.2 The Review Group believes that suggestions made within this paper will help to:
- address the defects identified by the industry;
  - provide clear ownership and responsibility for proposed changes to the SQSS;
  - improve engagement with stakeholders regarding proposed changes to the SQSS;
  - improve the structure and direction of reviews to ultimately aim with the development of solutions with a more timely manner;
  - ensure that clear recommendations are submitted to the Authority for a determination;
  - improve the consistency and transparency of terminology across industry documents

### Proposed Implementation

- 7.3 The Review Group recognises that the proposed changes will take time to implement and aims to have a revised governance framework in place ahead of March 31<sup>st</sup> 2012. Views on this implementation date would be welcomed in any representations received regarding this review of the SQSS governance framework.

## 8 Next Steps

- 8.1 The purpose of this document is to set out the thinking of the Review Group and to seek views from the Industry.
- 8.2 The Review Group is inviting views on all of the proposals made in this review and is seeking any further comments that can help contribute to the creation of robust SQSS governance arrangements.
- 8.3 If you wish to make a response to this review, please use the proforma which is available on the National Grid website, under SQSS Governance Review, at:

<http://www.nationalgrid.com/uk/Electricity/Codes/gbsqsscode/reviews/>

- 8.4 You can send in your responses by 5<sup>th</sup> September 2011 to:

Thomas Derry  
[thomas.derry@uk.ngrid.com](mailto:thomas.derry@uk.ngrid.com)

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## **1 Definitions and Interpretations**

- 1.1 "NETS SQSS" means the National Electricity Transmission System Security and Quality of Supply Standard. The NETS SQSS sets out a co-ordinated set of criteria and methodologies that the Transmission Licensees shall use in the planning and operation of the national electricity transmission system.
- 1.2 "Transmission Licence" shall mean a transmission licence granted or treated as granted under section 6(1)(b) of the Electricity Act 1989;
- 1.3 "Transmission Licensee" shall mean the holder for the time being of a Transmission Licence;
- 1.4 "SHETL" shall mean Scottish Hydro Electric Transmission Limited with company number 213460
- 1.5 "SPT" shall mean Scottish Power Transmission Limited with company number SC189126
- 1.6 "NGET" shall mean National Grid Electricity Transmission plc with company number 2366977
- 1.7 "Authority" shall mean the Gas and Electricity Markets Authority. Ofgem is the office of "the Authority";
- 1.8 "Party" shall mean any of NGET, SPT and SHETL;
- 1.9 "Review Group" shall mean the review group established by the Parties to consider possible developments to the NETS SQSS which shall be constituted in accordance with paragraph 3;
- 1.10 "Chairman" shall mean the chairman of the Review Group appointed in accordance with paragraph 3.1.4;
- 1.11 "Secretary" shall mean the secretary of the Review Group appointed in accordance with paragraph 3.1.3;
- 1.12 "Business Day" means any weekday (other than a Saturday) on which banks are open for domestic business in the City of London;
- 1.13 "Core Industry Documents" shall have the same definition as in the Standard Condition A1 of the Transmission License.

Except as otherwise provided herein and unless the context otherwise admits, words and expressions used herein shall have the same meaning as defined in the NETS SQSS.

Headings and titles shall not be taken into consideration in the interpretation or construction of the words and expressions used in this governance document.

## **2 Introduction**

- 2.1 The Electricity Act 1989 requires Transmission Licensees to develop and maintain an efficient, co-ordinated and economical system of electricity transmission.

- 2.2 The Transmission Licences place an obligation upon the Transmission Licensees to plan, develop and operate their systems in accordance with, amongst other things, the NETS SQSS. In addition NGET's Transmission Licence places an obligation on NGET to co-ordinate and direct the flow of electricity onto and over the national electricity transmission system, in accordance with, amongst other things, the NETS SQSS.
- 2.3 In order to facilitate these requirements, the NETS SQSS may need, from time to time, to be revised to reflect changes in both the GB Electricity Supply Industry and technological advances.
- 2.4 The SQSS Review Group is the co-ordinator, not a decision making body. The purpose of the Review Group is to consider developments to the NETS SQSS and recommend NETS SQSS changes to the Authority.
- 2.5 The SQSS governance sets out:
  - 2.5.1 arrangements for the establishment and composition of the SQSS Review Group; and
  - 2.5.2 the procedure for proposing amendments to the NETS SQSS.

### **3 The SQSS Review Group**

#### **3.1 Establishment of the Review Group**

- 3.1.1 The Parties shall establish the SQSS Review Group which shall be constituted in accordance with the further provisions of this paragraph 3.1.
- 3.1.2 Each Party shall be entitled to send two representatives to each meeting of the Review Group or such other number of representatives as may be agreed between the Parties from time to time.
- 3.1.3 The Review Group shall be assisted by a Secretary who shall be a person appointed and provided by NGET. The Secretary shall carry out such activities as are specified in this governance document and as are otherwise agreed between the Parties from time to time.
- 3.1.4 In addition to the Party representatives and Secretary, there shall be a chair of the Review Group who shall be appointed annually (or as otherwise agreed by the Parties) by and with the agreement of all of the Parties and who shall, taking into account the functions set out in sub-paragraph 3.3.7, carry out such activities as may be agreed between the Parties from time to time.
- 3.1.5 The Authority shall be entitled to receive notice of, and to appoint one or more representatives to attend and speak at, any Review Group, but such representative shall not be a party.

### **3.2 Functions of the SQSS Review Group**

- 3.2.1 The Review Group shall consider all reasonable requests to review the SQSS. Such requests may be made by any of the Parties, the Authority or any relevant interested person. Requests to review the NETS SQSS shall be made via the Secretary.
- 3.2.2 The objectives of the SQSS Review Group shall be to:
  - 3.2.2.1 keep the NETS SQSS governance arrangements under review;
  - 3.2.2.2 consider requests to review the NETS SQSS;
  - 3.2.2.3 facilitate industry consultations on proposed changes or amendments and alternatives; and
  - 3.2.2.4 recommend to the Authority changes/amendments of the NETS SQSS.
- 3.2.3 The Review Group shall endeavour at all times to perform its functions to ensure efficient discharge by each of the Transmission Licensees of the obligations imposed upon it under the Electricity Act and its associated licences, specifically focusing on the following principles ("Review Group Principles"):
  - 3.2.3.1 development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission;
  - 3.2.3.2 ensure an appropriate level of security and quality of supply and safe operation of the National Electricity Transmission System; and
  - 3.2.3.3 facilitating effective competition in the generation and supply of electricity.

### **3.3 Structure of Review Group Meetings**

- 3.3.1 Subject as expressly provided in this governance, the Party Representatives may regulate the conduct of and adjourn and convene Review Group meetings as they deem fit.
- 3.3.2 Subject to sub-paragraph 3.3.4, no business shall be transacted at any Review Group meeting unless a Quorum (as defined in sub-paragraph 3.3.3) is present.
- 3.3.3 For the purposes of this paragraph 3, a "Quorum" shall be constituted where each Party is represented by at least one Party Representative, unless a Party notifies the Review Group Secretary and the other Parties that the matters to be discussed at such Review Group meeting do not materially affect it, in which case such Party (with the consent of the other Parties) may waive its right to attend.
- 3.3.4 Where a Quorum is not present, the Review Group Secretary shall seek to adjourn such Review Group meeting to a later date unless it is the third

consecutive Review Group meeting that has been required to be adjourned as a consequence of the failure to attend by a particular Party, in which case, such Review Group meeting shall nonetheless proceed and subsequent ratification of decisions taken at the Review Group meeting by such non-attending Party shall not be required unless the lack of attendance by such Party (on any of the three occasions) was as a consequence of an omission to send such Party the details of the Review Group meeting required pursuant to sub-paragraph 3.3.3.

- 3.3.5 Review Group meetings shall be held on a quarterly basis unless otherwise requested by a Party and with the agreement of the other Parties, at such place in Great Britain and in such form including, without limitation, by way of teleconference as the Parties shall decide.
- 3.3.6 In the event that the Chair is not present within fifteen minutes of the scheduled start of any meeting and has not nominated another person to take the position of chair, those Party representatives present shall appoint one of their number to act as Chair.
- 3.3.7 The functions of the Chair include:
  - 3.3.7.1 to ensure that meetings are conducted in a professional, proper, impartial and efficient manner;
  - 3.3.7.2 to ensure that each Party representative, any person invited to speak or any representative of the Authority have been given a reasonable opportunity to speak on any matter contained in the agenda for the meeting.
- 3.3.8 A meeting shall be convened by the secretary by notice to each Party:
  - 3.3.8.1 setting out the date, time and place of the meeting and giving at least ten Business Days' notice before the date of the meeting;
  - 3.3.8.2 accompanied by an agenda of the matters for consideration at the meeting and any supporting papers at the time the notice is given  
and subsequently sending to the Parties any supporting papers received not less than five Business Days before the date of the meeting or such other shorter period as the Parties may agree.
- 3.3.9 An omission to send Review Group Meeting documents to a person entitled to receive them under sub-paragraph 3.3.7.2 shall not prevent a Review Group meeting from proceeding unless otherwise directed by the Authority.
- 3.3.10 As soon as is practicable after each Review Group meeting, the Review Group Secretary shall prepare and send to the Parties and the Authority the minutes of such Review Group meeting, which shall be approved (or amended and approved) by the Review Group at the next Review Group meeting after they were so sent and, when approved, the Review Group Secretary shall publish the approved minutes (excluding any matter which it was agreed at such Review Group meeting was not appropriate for such publication) on the National Grid website.

### **3.4 Attendance by Other Persons**

A Party may, with the agreement of the other Parties, invite any person other than a person already entitled to attend under paragraph 3.1 to attend all of, or any part of, a review meeting and to speak at such meeting or part thereof, where that person so attends.

## **4 Amendment of the NETS SQSS**

### **4.1 General**

4.1.1 Each Party shall keep under review whether any possible change to the NETS SQSS would better facilitate achievement of the Review Group Principles and shall, in accordance with this Section 4 and, to the extent that such matter is not covered by a proposed review, propose such request which, in the Party's opinion, would do so.

4.1.2 The Parties shall endeavour at all times to act pursuant to this Section 4:

4.1.2.1 in an efficient, economical and expeditious manner taking account of the complexity, importance and urgency of a particular review request; and

4.1.2.2 with a view to ensuring that the NETS SQSS facilitates achievement of the Review Group Principles.

4.1.3 The NETS SQSS amendment process flow chart is shown in Appendix A. Paragraph 4.2 presents a more detailed account of the amendment process.

### **4.2 The NETS SQSS Review Process**

#### **4.2.1 Review Request**

4.2.1.1 A request to review the NETS SQSS may be made by any of the following:

- a) a Party;
- b) the Authority; or
- c) relevant interested person

referred to in this section as the 'Proposer'

4.2.1.2 A request made pursuant to sub-paragraph 4.2.1.1 shall be submitted in writing to the Secretary in the form of Appendix B and shall contain the following information in relation to such request:

- a) name of Proposer and contact details;
- b) a description of the issue which the request seeks to address;
- c) a description of the request and of its nature and purpose;
- d) where possible, an indication of those parts of the NETS SQSS which, in the opinion of the Proposer, would be likely to require amendment in order to give effect to (or would otherwise be affected by) the request and an indication of the nature and contents of those amendments or effects (including, where relevant, any need for the establishment of new, or removal of existing NETS SQSS criteria and methodologies);
- e) the reasons why the Proposer believes that the request would better facilitate achievement of the Review Group Principles as compared with the then current version of the NETS SQSS, together with background information in support thereof;
- f) where possible, an indication of the potential impact of the proposal on any Industry Framework Document; and
- g) where possible, an indication of the potential impact of the request on relevant computer systems and processes used by the Parties and on any proposed requests.

If a request fails to contain any information required under this sub-paragraph 4.2.1.2, the Secretary shall notify the Proposer, who may submit a revised request in compliance with this sub-paragraph 4.2.1.2.

4.2.1.3 A request made pursuant to and in compliance with sub-paragraph 4.2.1.2 shall be processed as a "Proposed Review" as further provided in this paragraph 4.2.

4.2.1.4 Upon receipt of a Proposed Review, the Secretary shall as soon as reasonably practicable:

- a) send a copy of the request (including the information set out in sub-paragraphs 4.2.1.2 (a) to (g)) to the Parties, the Authority and any relevant interested person;
- b) subject to the provisions of paragraph 3.3.8, put the request on the agenda for the next meeting; and
- c) add the new Proposed Review to the NETS SQSS Review Register ("Review Register") as further provided for and defined in paragraph 4.2.8.

4.2.1.5 It shall be a condition to the right to make a proposal to review the NETS SQSS under this paragraph 4.2 that the Proposer:

a) grants a non-exclusive royalty-free licence to all Parties who request the same covering all present and future rights, Intellectual Property Rights and moral rights it may have in such request (as regards use or application in Great Britain and its Offshore Waters); and

b) warrants that, to the best of its knowledge, information and belief, no other person has asserted to the Proposer that such person has any Intellectual Property Rights or moral rights or rights of confidence in such proposal inconsistent with the Parties' rights to make, publish or use such request,

and, in making a request, a Party shall be deemed to have granted the licence and given the warranty contained in sub-paragraphs (a) and (b) above respectively.

4.2.1.6 The Proposer may withdraw its request on notice to the Secretary at any time, in which case, the Secretary shall promptly notify the other Parties and the Authority and then, six Business Days after issue of such notice by the Secretary, shall:

a) revise the Review Register; and

b) remove the request from the agenda of the next review meeting (as relevant);

#### **4.2.2 Review Group Meetings**

4.2.2.1 Pursuant to sub-paragraph 4.2.1.4, the Review Group shall consider a request (unless it has been withdrawn under sub-paragraph 4.2.1.6) at the next meeting, in accordance with and subject to the provisions of paragraph 3.3, and at such meeting shall use all reasonable endeavours to decide (as and where relevant) whether:

a) the Parties require additional information in order to assess whether the request would better facilitate achievement of the Review Group Principles;

b) pursuant to sub-paragraph 4.2.2.6, to amalgamate the request with any other Proposed Review.

4.2.2.2 Where, pursuant to sub-paragraph 4.2.2.1 (a) above, the Review Group decides not to take the request further, the Secretary shall notify the Proposer explaining why the proposal has been rejected. The Secretary shall also amend the Review Register as appropriate.

- 4.2.2.3 Where, pursuant to sub-paragraph 4.2.2.1 (a) above, the Review Group decides that any of the Parties requires additional information or the Review Group cannot reach a decision on such matter, the Review Group shall form a Working Group and refer the request to the Working Group to carryout such analysis as set out under sub-paragraph 4.2.3.
- 4.2.2.4 The Working Group formed pursuant to sub-paragraph 4.2.2.3 above shall consist of members nominated by the Review Group. Its composition shall depend on the analysis required. The Working Group shall decide on workshops membership which shall also depend on the nature of studies.
- 4.2.2.5 Where, pursuant to sub-paragraph 4.2.2.1 (a) above, the Review Group decides that the Parties do not require additional information, the Review Group shall proceed directly to prepare the Consultation Report under sub-paragraphs 4.2.4.
- 4.2.2.6 The Review Group may decide to amalgamate a request with one or more other Proposed Review(s) where the subject matter of such request is sufficiently proximate to justify amalgamation on the grounds of efficiency and/or where such Proposed Review(s) are logically dependent on each other.
- 4.2.2.7 Where Proposed Reviews are amalgamated pursuant to sub-paragraph 4.2.2.6:
- a) such Proposed Reviews shall be treated as a single Proposed Review;
  - b) references in this Section 4 to a request shall include and apply to a group of two or more Proposed Reviews so amalgamated; and
  - c) the Proposers of each such amalgamated request shall cooperate in deciding which of them shall constitute the Proposer of such amalgamated Proposed Review, failing which agreement, the Proposed Reviews shall continue separately as before.

#### **4.2.3 Evaluation and Assessment by the Working Group**

- 4.2.3.1 Following referral of a request pursuant to sub-paragraph 4.2.2.3, the Working Group shall invite representations or commission such studies, convene industry workshops and other evaluation as it deems appropriate in order that each Party of the Review Group is provided with sufficient information such that it can assess whether the request would better facilitate achievement of the Review Group Principles.
- 4.2.3.2 Following receipt of any representations, study, industry workshops report or other evaluation pursuant to sub-paragraph 4.2.3.1, the Working Group shall consider whether the

information provided is sufficient for each Party of the Review Group to form a view as to whether the request better facilitate achievement of the Review Group Principles and may invite such further representations, studies, industry workshops and other evaluation as it deems appropriate until the Working Group considers that the information provided is sufficient.

- 4.2.3.3 Following completion of its evaluation under sub-paragraph 4.2.3.2, the Working Group shall commission from each of the Parties an analysis and impact assessment ("Assessment"). Such Assessment shall include an assessment by each Party of the likely effect of the request on that Party's Transmission System and its other systems (and, to the extent reasonably practicable on the Transmission System and systems of the other Parties), including a description of any works necessary to implement the change and an estimate of the development, capital and operating costs associated with implementing the changes to the NETS SQSS in such manner as the Working Group feels fit, provided that, so far as any such Assessment requires information which is not generally available concerning that Party's transmission system, such Assessment shall be made on the basis of that Party's proper assessment (which that Party shall make available for these purposes) of the impact of the request on that Party's Transmission System. The Parties shall, where appropriate, propose amendment(s) to the NETS SQSS ("Proposed Amendment(s)") that will enable the Review Group Principles to be met pursuant to the Proposed Review.
- 4.2.3.4 Following completion of the Assessment under sub-paragraph 4.2.3.1 the Working Group shall prepare a report and recommendation 'Working Group Report' as to whether the request better facilitate achievement of the Review Group Principles. In so doing, the Working Group shall take into account each Party's Assessment and use all reasonable endeavours to decide whether the request would better facilitate achievement of the Review Group Principles.
- 4.2.3.5 The Working Group shall as soon as reasonably practicable send a copy of the Working Group Report to the Review Group Secretary and subject to the provisions of paragraph 3.3.8, present the Working Group Report to the Review Group at the next meeting.
- 4.2.3.6 Upon receipt of the Working Group Report, the Secretary shall as soon as reasonably practicable:
  - a) send a copy of the Working Group Report to the Parties and the Authority; and
  - b) subject to the provisions of paragraph 3.3.8, put the Working Group Report on the agenda for the next meeting;
- 4.2.3.7 Where the Review Group requires further information as to

whether the request would better meet the Review Group Principles, it shall refer the request back to the Working Group for further evaluation/assessment.

#### **4.2.4 The Consultation Report**

4.2.4.1 Following completion of the steps set out in sub-paragraphs 4.2.3.1 to 4.2.3.7 above (where relevant), the Secretary shall prepare a consultation document setting out:

- a) the Review Request;
- b) the recommendations of the Review Group as to whether the Proposed Amendment(s) should be made, including the Parties' analysis of whether (and, if so, to what extent) the Proposed Amendment(s) or would better facilitate achievement of the Review Group Principles and the views and rationale in respect thereof;
- c) a summary of the Assessments provided pursuant to sub-paragraph 4.2.3.1, together with a summary of the Transmission Licensees' initial views on the recommendations;
- d) the proposed implementation date of the Proposed Amendment(s) as agreed by the Review Group, failing which, as shall be proposed by the Proposer and, in the later case, accompanied by the written representations of the other Parties giving their own opinion as to what the implementation date should be; and
- e) (to the extent that such matters are not included pursuant to sub-paragraph (c)), an analysis of:
  - i. the impact of the Proposed Amendment(s) on the Core Industry Documents;
  - ii. the changes which would be required to give effect to the Proposed Amendment(s) in relation to the Core industry Documents;
  - iii. the mechanism and likely timescale for making the changes referred to in sub-paragraph (ii);
  - iv. the changes or developments which would be required to central computer systems and, if practicable, processes used in connection with the operation of arrangements established under the Core Industry Documents;

- v. the mechanism and likely timescale for making the changes referred to in sub-paragraph (iv);
- vi. an estimate of the costs associated with making and delivering the changes referred to in sub-paragraphs (ii) and (iv), such costs being expected to relate to: for (ii), the costs of implementing amendments to the Industry Framework Document(s), and for (iv), the costs of changes to computer systems and possibly processes which are established for the operation of the Core industry Documents,

together with a summary of representations of the Parties in relation to such matters,

(here referred to as the "Consultation Document") which Consultation Document shall be approved and amended as appropriate by the Review Group (save for the contents of those sections where representations are to be provided by each Party in its own capacity as specified above).

4.2.4.2 Pursuant to sub-paragraph 4.2.4.1, the Secretary shall:

- a) circulate the Consultation Document to each of the Parties and such persons or bodies as have responsibility for progressing changes to the Core Industry Documents and publish it on the National Grid website or otherwise in such manner as may be deemed appropriate by the Parties to bring it to the attention of other persons who may have a relevant interest in the Proposed Amendment or any Alternative Amendment;
- b) invite representations in relation to the Consultation Document within twenty business days or such other period as the Review Group shall determine; and
- c) on receipt of representations pursuant to sub-paragraph (b), prepare a summary of such representations.

#### **4.2.5 The Amendment Report**

4.2.5.1 Pursuant to sub-paragraph 4.2.4.2, the Review Group shall consider the representations made in response to the Consultation Document and shall instruct the Review Group Secretary to prepare a report as in sub-paragraph 4.2.4.1 incorporating comments from the consultation respondents and recommendations in light of those comments. This report shall form the "Amendment Report"

4.2.5.2 If all Parties agree that an amendment to the NETS SQSS is not required, the Review Group shall instruct the Secretary to

prepare the Amendment Report and send it to the Authority. The Secretary shall also update the Review Register and publish the Amendment Report on the National Grid website.

- 4.2.5.3 If all Parties agree that an amendment to the NETS SQSS is required, the Review Group shall instruct the Secretary to prepare the Amendment Report and send it to the Authority. Each Party will individually send a licence change request to the Authority based on the Amendment Report. The Secretary shall also update the Review Register and publish the Amendment Report on the National Grid website.
- 4.2.5.4 If not all Parties agree that an amendment to the NETS SQSS is needed, they shall each prepare their own written recommendation which shall be incorporated into the Amendment Report. The Review Group shall instruct the Secretary to prepare the Amendment Report and send it to the Authority and only those Parties that recommend an amendment to the NETS SQSS may send licence change requests to the Authority. The Secretary shall also update the Review Register and publish the Amendment Report on the National Grid website.
- 4.2.5.5 None of the facts, opinions or statements contained in the Amendment Report may be relied upon by any other person.

#### **4.2.6 The NETS SQSS text Update Process**

- 4.2.6.1 If the review request outcome requires the NETS SQSS text to be changed, the Secretary shall prepare such changes to the text as appropriate, otherwise, this sub-paragraph 4.2.6 shall be void.
- 4.2.6.2 Pursuant to sub-paragraph 4.2.6.1, in the event that change to the NETS SQSS text is required, the Secretary shall:
- a) circulate the amended draft NETS SQSS text to each of the Parties and such persons or bodies as have responsibility for progressing changes to the Core Industry Documents and publish it on the National Grid website or otherwise in such manner as may be deemed appropriate by the Parties to bring it to the attention of other persons who may have a relevant interest in the amended draft NETS SQSS text;
  - b) invite representations in relation to the amended draft NETS SQSS text within twenty business days or such period as the Review Group shall determine in case anything urgent comes along; and
  - c) on receipt of representations pursuant to sub-paragraph (b), appropriately modify the amended draft NETS SQSS text to take into account these representations.

4.2.6.3 Pursuant to sub-paragraph 4.2.6.2, the Secretary shall send both the Amendment Report and the amended NETS SQSS text to the Authority as in paragraph 4.2.5.

#### **4.2.7 Implementation**

4.2.7.1 Upon service of a signed notice of an amendment, in accordance with a direction of the Authority, issued pursuant to the Parties' Transmission Licences,

- a) each affected Party shall notify the Secretary of the approved amendments and
- b) the Secretary shall amend the NETS SQSS in accordance with the terms of such notice, update the Review Register and publish the up-to-date NETS SQSS on the National Grid website.

4.2.7.2 An amendment to the NETS SQSS shall take effect from the date and time as specified in the notice referred to in sub-paragraph 4.2.7.1.

4.2.7.3 The relevant Parties shall be responsible for implementing any changes to their relevant computer systems and processes as necessary to effect the Approved Amendment in accordance with this sub-paragraph 4.2.7.

4.2.7.4 Following implementation of licence changes by the Authority in relation to Approved Amendments, each relevant Party shall:

- a) use its reasonable endeavours to progress changes made to the Core Industry Documents (to the extent that it is a party to them) in order to give full and timely effect to an amendment to the NETS SQSS by the implementation date;
- b) do what is required to those of its systems and processes which support the operation of the NETS SQSS as may be necessary in order to give full and timely effect to an amendment to the NETS SQSS by the implementation date; and
- c) keep the Review Group informed of any matter that may affect the ability for the implementation date to be met.

4.2.7.5 Without prejudice to the obligations of the Parties under this sub-paragraph 4.2.7, the implementation date may be extended or shortened with the prior approval of, or at the direction of, the Authority.

4.2.7.6 Any relevant Party shall apply to the Authority for an extension of the implementation date if it becomes aware of any circumstances that are likely to cause a delay in the implementation of an Approved Amendment.

4.2.7.7 An amendment made pursuant to and in accordance with this paragraph 4.2 shall not be impaired or invalidated in any way by any inadvertent failure to comply with or give effect to this sub-paragraph 4.2.7.

#### **4.2.8 The NETS SQSS Review Register**

4.2.8.1 The Secretary shall establish and maintain a register (the "Review Register") which shall record, in such form as the Review Group may determine, the matters set out in sub-paragraph 4.2.8.3.

4.2.8.2 The purpose of the Review Register shall be to assist the Review Group in the operation of the review procedures under this NETS SQSS Governance and to enable the Parties and other interested third parties to be reasonably informed of the progress of proposed reviews and Approved Amendments from time to time.

4.2.8.3 The Review Register shall record:

- a) details of each request (including the name of the Proposer, the date of the request and a brief description of the Proposed Review);
- b) the current status and progress of each request and the anticipated date for reporting to the Authority in respect thereof;
- c) the current status and progress of each Approved Amendment to the NETS SQSS; and
- d) such other matters as the Review Group may consider appropriate from time to time in order to achieve the purposes set out in sub-paragraph 4.2.8.2.

4.2.8.4 The Review Register shall, in addition to those matters set out in sub-paragraphs 4.2.8.3, also include details of:

- a) each request which has been withdrawn pursuant to sub-paragraph 4.2.1.6 or rejected by the Review Group; and
- b) each Amendment to the NETS SQSS which has been implemented pursuant to sub-paragraph 4.2.7,

for a period of six months after such withdrawal, rejection or implementation, or such longer period as the Review Group may determine.

4.2.8.5 The Secretary shall publish the Review Register (as updated from time to time and indicating the revisions since the previous issue) on the National Grid website with such frequency as the Parties may agree, in order to bring it to the attention of

interested third parties and send a copy of same to each of the Parties.

**Guidance notes**

- (i) Please include address, contact telephone/fax number and optionally, a contact email address.
- (ii) Impact on the NETS SQSS - Where possible, give an indication of those parts of the NETS SQSS which, in the opinion of the Proposer, would be likely to require amendment in order to give effect to (or would otherwise be affected by) the request and an indication of the nature and contents of those amendments or effects (including, where relevant, any need for the establishment of new, or removal of existing NETS SQSS criteria and methodologies).
- (iii) Justification - Please give reasons why you believe that the request would better facilitate achievement of the NETS SQSS objectives as compared with the then current version of the NETS SQSS, together with background information in support thereof. If more space is needed you can use additional sheets of paper which should be attached to this form.
- (iv) Core Industry Documents shall have the same definition as in the Standard Condition A1 of the Transmission License.
- (v) Where possible, please give an indication of the potential impact of the request on relevant computer systems and processes used by the Transmission Licensees.
- (vi) Incomplete forms will not be processed. The Proposer may be asked to clarify any information that is not clear. The Proposer's attention is drawn to clause 4.2.1.5 of the NETS SQSS governance document.

### CUSC (Licence Condition C10)

1. the efficient discharge by the Licensee of the obligations imposed upon it by the act and the Transmission Licence; and
2. facilitating effective competition in generation and supply of electricity and facilitating such competition in the sale, distribution and purchase of electricity.

### Grid Code (Licence Condition C14)

1. to permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the transmission of electricity;
2. to facilitate competition in the generation and supply of electricity (and without limiting the foregoing, to facilitate the national electricity transmission system being made available to persons authorised to supply or generate electricity on terms which neither prevent nor restrict competition in the supply or generation of electricity) ; and
3. subject to sub-paragraphs (1) and (2), to promote the security and efficiency of the electricity generation, transmission and distribution systems in the national electricity transmission system operator area taken as a whole.

### STC (Licence Condition B12)

1. efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act;
2. development, maintenance and operation of an efficient, economical coordinated system of electricity transmission;
3. facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity;
4. protection of the security and quality of supply and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees; and
5. promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC; and
6. facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system.

### CUSC (Section 8, 8.3.3 Functions of the CUSC Modifications Panel and the Code Administrator's Role)

- (a) The CUSC Modifications Panel shall have the functions assigned to it in this Section 8.
- (b) Without prejudice to Paragraph 8.3.3(a) and to the further provisions of this Section 8, the CUSC Modifications Panel shall endeavour at all times to operate:
  - (i) in an efficient, economical and expeditious manner, taking account of the complexity, importance and urgency of particular CUSC Modification Proposals; and
  - (ii) with a view to ensuring that the CUSC facilitates achievement of the Applicable CUSC Objectives.
- (c) The Company shall be responsible for implementing or supervising the implementation of Approved CUSC Modifications in accordance with the provisions of the CUSC which shall reflect the production of the revised CUSC. The Code Administrator and The Company shall be responsible for implementing and supervising the implementation of any amendments to their respective systems and processes necessary for the implementation of the Approved CUSC Modification. However, it will not include the implementation of Users' systems and processes. The Code Administrator will carry out its role in an efficient, economical and expeditious manner and (subject to any extension granted by the Authority where the Code Administrator has applied for one) in accordance with the Implementation Date.
- (d) Subject to notifying Users, the Code Administrator will, with the Authority's approval, apply to the Authority for a revision or revisions to the Implementation Date where the Code Administrator becomes aware of any circumstances which is likely to mean that the Implementation Date is unachievable, which shall include as a result of a Legal Challenge, at any point following the approval of the CUSC Modification Proposal.
- (e) In the event that the Authority's decision to approve or not to approve a CUSC Modification Proposal is subject of Legal Challenge (and the party raising such Legal Challenge has received from the relevant authority the necessary permission to proceed) then the Code Administrator will, with the Authority's approval, apply to the Authority for a revision or revisions to the Proposed Implementation Date in the CUSC Modification Report in respect of such CUSC Modification Proposal as necessary such that if such CUSC Modification Proposal were to be approved following such Legal Challenge the Proposed Implementation Date would be achievable.
- (f) Prior to making any request to the Authority for any revision pursuant to Paragraphs 8.3.3(d) (where it is necessary as a result of a Legal Challenge) or 8.3.3(e) the Code Administrator shall consult on the revision with CUSC Parties and such other person who may properly be considered to have an appropriate interest in it in accordance with Paragraphs 8.23.2 and 8.23.5. The request to the Authority shall contain copies of (and a summary of) all written representations or objections made by consultees during the consultation period.

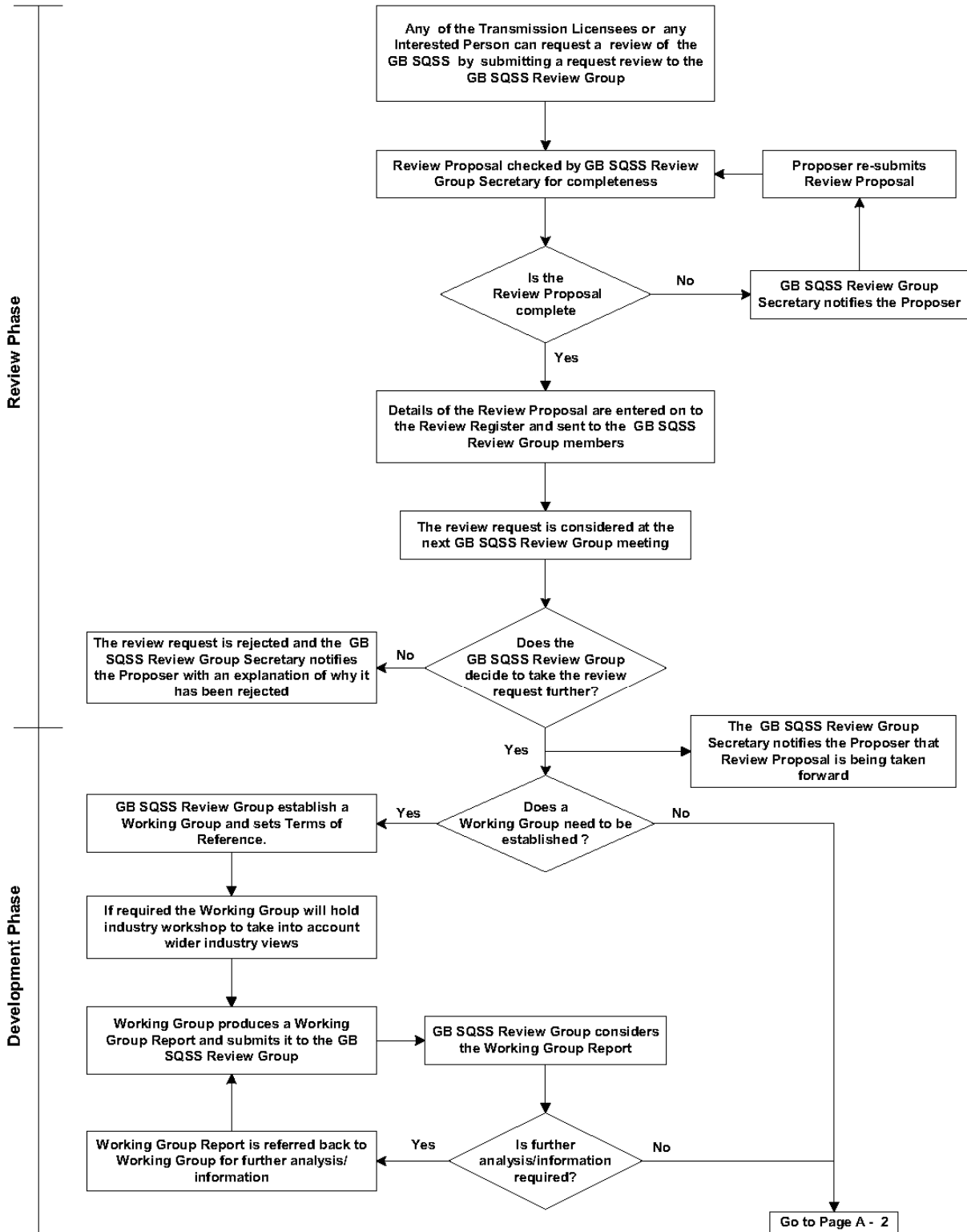
## **Grid Code (Constitution and Rules, 4.0 Objects)**

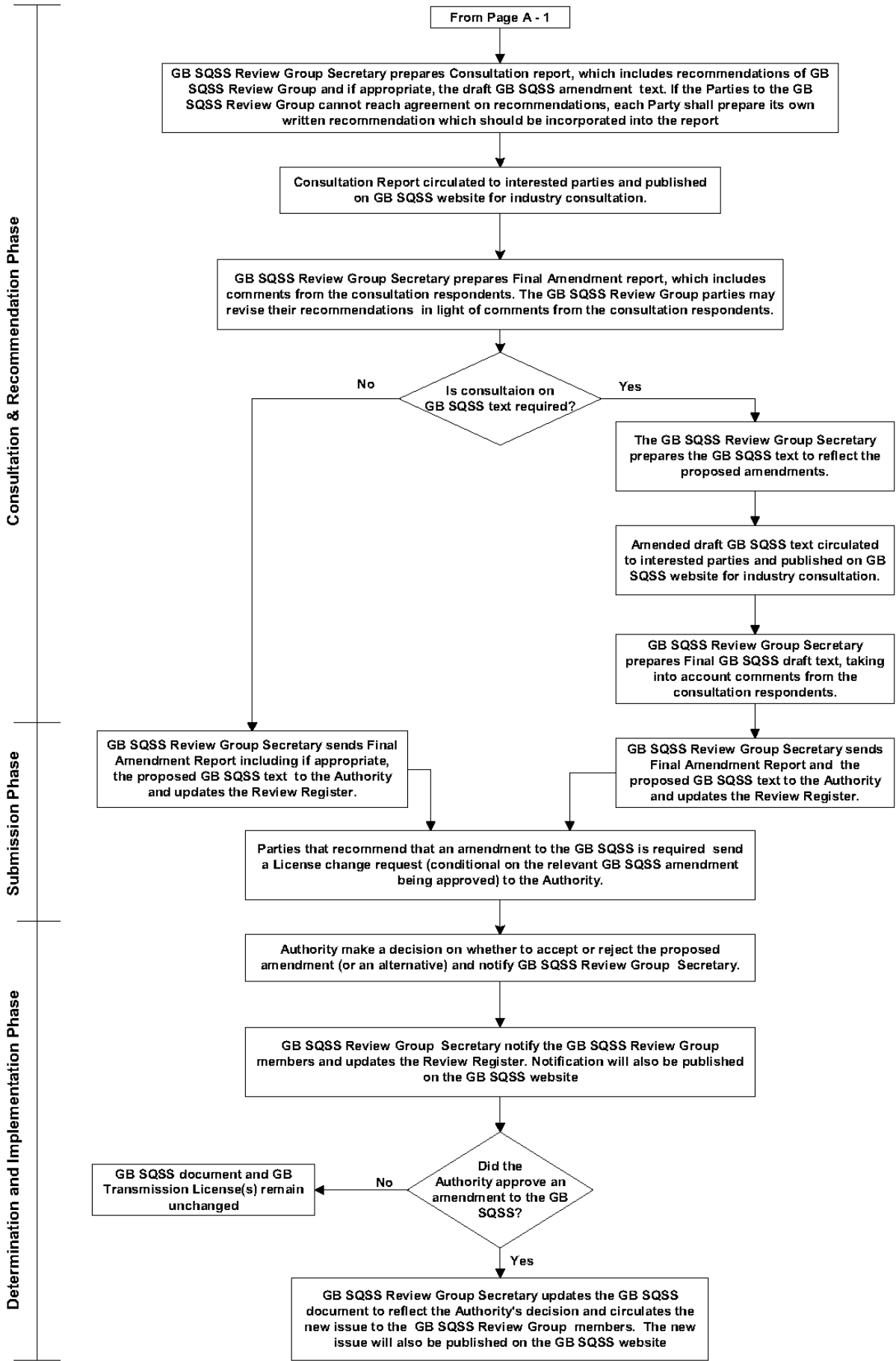
- 4.1.1 to keep the Grid Code and its working under review;
- 4.1.2 to review all suggestions for amendments to the Grid Code which any Member is requested by the Authority or a User (or any Relevant Transmission Licensee in respect of PC.6.2, PC Appendix C, CC.6.1, CC.6.2, CC.6.3, OC8 and GC.11), to submit to the Secretary for consideration by the Panel from time to time;
- 4.1.3 to publish recommendations as to amendments to the Grid Code that NGET or the Panel feels are necessary or desirable and the reasons for the recommendations;
- 4.1.4 to issue guidance in relation to the Grid Code and its implementation, performance and interpretation when asked to do so by any Member on behalf of a User;
- 4.1.5 to consider what changes are necessary to the Grid Code arising out of any unforeseen circumstances referred to it by NGET under GC.3 of the Grid Code; and
- 4.1.6 to consider and identify changes to the Grid Code to remove any unnecessary differences in the treatment of issues in Scotland from their treatment in England and Wales.

## **STC (Section B, 6.2 Functions of the Committee)**

- 6.2.1 The functions of the Committee shall be the:
  - 6.2.1.1 evaluation and administration of amendments to the Code in accordance with the procedures set out in this Section B;
  - 6.2.1.2 review of the consequences of amendments to the Code;
  - 6.2.1.3 administration of the Code as specified in this Section B; and
  - 6.2.1.4 establishment of joint working arrangements pursuant to sub-paragraph 7.2.9.1 below.
- 6.2.2 The Committee shall endeavour at all times to perform its functions:
  - 6.2.2.1 in an efficient, economical and expeditious manner, taking account of the complexity, importance and urgency of particular Proposed Amendments; and
  - 6.2.2.2 with a view to ensuring that the Code facilitates achievement of the Applicable STC Objectives.

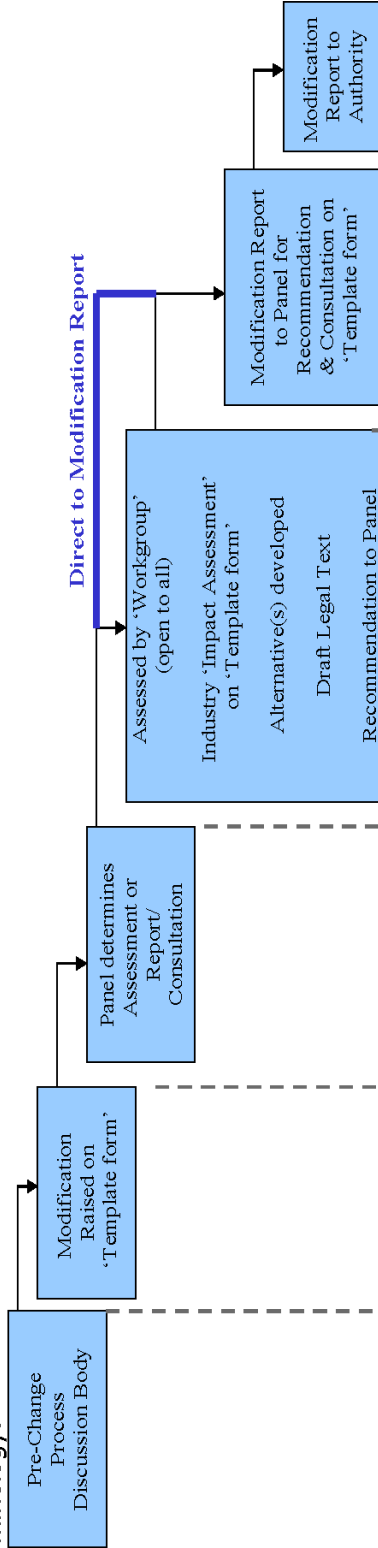
# Annex 4 - Current SQSS Amendment Process Flow Chart





## Common Modification Process

There will be a common Modification process adopted under each code. The process will include the following steps and terminology:



## Withdrawal

<b>Terminology</b> Issue	Modification	Modification 'BSC/CUSC/UNC-XX'	Workgroup Assessment Workgroup Alternative(s)	Modification Report
<b>Code Administrators Responsibilities</b> Chairs and facilitates meetings Writes minutes Updates industry	Act as critical friend, sets timetable Assess if Modification is valid Conduct initial assessment		Chairs, provides secretariat and facilitates meetings Ensures legal text consistency Co-ordinates 3 week consultation	Capture responses and report to Panel

## **Pre Change Process**

A pre-change process will allow any interested Party to raise an issue. Code Administrators will facilitate issues being raised and recorded, and will ensure that forums are available for views to be exchanged on the issue. Industry forums will assist in framing the issue and defining possible Modifications.

## **Modification Raised**

Parties entitled to do so may submit a proposed Modification to the Code Administrator at any time. Modifications should be submitted on the template provided and will be allocated a unique identifier. Code Administrators will give notice that a Modification has been raised and will add the Modification to the next code panel agenda. Modifications received prior to a panel meeting but after the agenda has been issued may be considered by the panel at short notice.

## **Panel Consideration**

The code panel will decide whether a Modification should be further developed and assessed, or if it is sufficiently clear and complete for the consultation process to commence. The panel may set terms of reference for the development and assessment of a Modification, together with a timetable. The proposer will be entitled to attend the panel meeting and set out the case for change together with their views on the appropriate process and timetable.

## **Industry Consideration**

Code Administrators will facilitate impartial industry development and assessment of all Modifications. While only the proposer may change the Modification, the Code Administrator will be responsible for completing the remainder of the Modification Report template, ensuring that all views are captured and given equal weight.

If alternative solutions are put forward, Code Administrators will incorporate these within the template. A single document will be compiled by the Code Administrator covering the original Modification and all alternatives, although only the proposers of both the original and each alternative will be entitled to alter their Modification.

Completed Modification documents will include the Workgroup's recommendation to the code panel, which will set out suggested next steps and may include an implementation recommendation.

## **Report to Panel**

The Modification template completed by the Code Administrator will form the report to the panel. The panel will consider whether further development and assessment is necessary or if the Modification can be issued for consultation. The proposer will be entitled to attend the panel meeting and put forward views on the appropriate way forward. The panel may also decide whether to recommend implementation of the Modification. Panels will decide the appropriate length for a consultation process, with fifteen business days being the normal period. Panels may ask specific questions on which views would be particularly welcome.

## **Consultation**

Code Administrators will issue Modifications for consultation as soon as possible following a Panel decision, clearly indicating the date by which views are sought, and where responses should be sent. All documents supporting the consultation will be freely available to any interested party. Code administrators will ensure small market participants are aware of relevant consultations.

## **Panel Recommendation**

Code administrators will update the Modification Report to reflect consultation responses. Modification proposers will be entitled to attend and speak at panel meetings. Panels will consider whether further assessment and development of the Modification is necessary, and may set terms of reference for any additional industry consideration.

If satisfied that the Modification has been sufficiently analysed and developed, the Panel will decide whether to recommend that the Modification be implemented.

## **Implementation**

Code Administrators will record the panel recommendation in the Modification Report and send it to Ofgem for decision.

As soon as reasonably practicable following an Ofgem decision, or the panel decision if self governance applies, the Code Administrator will issue a notice of implementation (or rejection) indicating the implementation date. Code administrators will publish the updated code with the revised legal text.

## **Modification Process Timetable**

The time taken to complete the Modification process varies. In general, it should be anticipated that a year could be needed between a Modification

being raised and implemented. An indicative timetable from a Modification being raised to a decision being issued by Ofgem is:

	<b>Process</b>	<b>Action</b>	<b>Timescale</b>
1.	Modification Raised	Code Administrator publishes Modification	One business day
2.	Panel Agenda Issued	Modifications must be received at least eight business days ahead of meeting if to be included on Agenda	Eight business days
3.	Panel Consideration	Panel decide whether to issue Modification to consultation or if assessment and development is necessary	One business day
4.	Industry Assessment and Development	Debate at Workgroups. Development of business rules. Consideration of legal text.	Three to Six months
5.	Panel Consideration	Panel decide whether to issue Modification to consultation or if further assessment and development is necessary	One business day
6.	Industry Consultation	Code Administrator issues Modification Report and invites views	Fifteen business days
7.	Panel Recommendation	Panel consider Modification in light of responses received and decides whether to support implementation	One business day
8.	Ofgem decision	Ofgem decide whether or not Modification is to be implemented	Five weeks
9.	Implementation	Code Administrator issues implementation notice and updates code. Industry systems prepared for change.	Less than one month if no system changes are required  Several months if system changes are required