

## P369 'National Grid Legal Separation changes to BSC'

This proposal seeks to modify the Balancing Settlement Code (BSC) to reflect the creation of a new National Grid Electricity System Operator (NGESO) that is legally separate from National Grid Electricity Transmission Limited (NGET).



The BSC Panel initially recommends **approval** of P369

This Modification is expected to impact:

- The Transmission Company
- ELEXON

### Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation



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## About This Document

This is the P369 Draft Modification Report, which ELEXON will present to the Panel at its meeting on 9 August 2018. It includes the responses received to the Report Phase Consultation on the Panel's initial recommendations. The Panel will consider all responses, and will agree a final recommendation to the Authority on whether the change should be made.

There are twenty nine parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach.
- Attachment A contains the Modification Proposal form for P369.
- Attachment B contains the draft legal text for P369.
- Attachment C-AA contains the draft alternative legal text for P369.
- Attachment AB contains the full responses received to the Panel's Report Phase Consultation.

Please note, as no amendments have been made to the redlining of the Change Subsidiary Documents (CSDs) following the Report Phase Consultation, these have not been included as attachments. If you would like to view the CSDs please visit the P369 [webpage](#).

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## Why Change?

Within the National Grid (NG) Group a new Electricity System Operator (ESO) entity (NGESO) is being established, that is legally separate from the transmission owner, NG Electricity Transmission (NGET). The separation will allow the new ESO to play a more proactive role in managing an increasingly flexible electricity system that can realise benefits for consumers. The formal separation shall be achieved by 1 April 2019.

The Balancing and Settlement Code (BSC) as well as the Code Subsidiary Documents (CSDs) include multiple references to NGET in terms of the ESO functions set out in its Transmission Licence. Each of these references need to be reviewed to ensure that the references continue to remain accurate following the legal separation of the ESO functions from NGET and their transfer to NGESO.

## Solution

This Modification proposes to:

- Amend all references that refer to ESO functions to become 'Transmission Company' where possible; and
- Amend the definition of 'Transmission Company' in [BSC Section X, Annex X-1](#) to refer to ESO obligations only.

## Impacts & Costs

This Modification will impact the Transmission Company and ELEXON due to the required amendments to documentation.

The central implementation cost to deliver the solution to this Modification is £480. This is derived from one Working Day to implement the changes to the BSC Sections and CSD's and another day to reflect the amendments in the relevant Local working Instructions (LWIs).

## Implementation

This Modification is proposed to be implemented on 29 March 2019, as part of a combined ad hoc March 2019 BSC Release with another Modification. Text shall be added to BSC Section C to specify that the proposed changes shall not take effect until 1 April 2019.

## Recommendation

The BSC Panel initially believed that P369 better facilitates Applicable BSC Objective (a). The **majority** of the Panel recommended that this Modification should be **approved** and progressed directly to the Report Phase.

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### Background

Following the joint statement titled "[Statement on the future of Electricity System Operation](#)" issued by the Department for Business, Energy & Industrial Strategy (BEIS), Ofgem and National Grid on 12 January 2017 and consequential consultation response by Ofgem on [Electricity System Operator separation](#) on 3 August 2017; the obligations in the BSC will need to be modified to accurately reflect Electricity System Operator (ESO) requirements and to place the current Transmission Owner (TO) requirements on NGET as a TO.

NGET and NGESO will become separately licensed entities as a consequence of NGET partially transferring its existing licence to NGESO (the ESO elements only) under section 7A Electricity Act 1989. NGET will retain the Transmission Owner elements of the licence.

### What is the issue?

The BSC and its CSDs include multiple references to NGET in terms of the ESO functions set out in its Transmission Licence. Each of these references need to be reviewed to ensure that the references continue to remain accurate following the legal separation of the ESO functions from NGET, and their transfer to NGESO.

Following the legal separation of the ESO functions from NGET, a definition for NGET shall not be required due to the BSC referring to National Grid solely in its ESO function.

#### What is the Electricity Act 1989?

'An Act to provide for the appointment and functions of a Director General of Electricity Supply and of consumers' committees for the electricity supply industry; to make new provision with respect to the supply of electricity through electric lines and the generation and transmission of electricity for such supply...'

"Transmission Licence" was last issued to NGET under section 6(1)(b).

### Proposed solution

This Modification proposes to:

- Amend all references that refer to ESO functions to become 'Transmission Company' where possible (exceptions outlined below); and
- Amend the definition of 'Transmission Company' to refer to ESO obligations only.

The proposed definition of Transmission Company includes the acronyms and words: 'NGESO', 'National Grid Company' and 'NGC'. All references to 'NGET', the 'National Grid Electricity Transmission Limited', 'National Grid' and 'System Operator' have been updated to become 'Transmission Company' where possible (exceptions outlined below). This will ensure all terminology is accurate and aligns with NGESO's future functions, as well as avoiding possible confusion over future responsibilities. A definition for NGET is not required to be added to the Code due to all references within the BSC relating to NGESO functions only.

To avoid the need for disruptive and costly changes to BSC Central Systems:

- references to 'NGC' in the CSD's are proposed to be retained (NGC is now included within the definition of 'Transmission Company');
- existing redundant references to 'System Operator Consumption Imbalance' and 'System Operator Production Imbalance' within the Interface Definition Documents (IDD) will have '[redundant]' inserted next to them and be marked as housekeeping for the purpose of future changes already impacting BSC Central Systems;
- the acronym 'SO' shall be defined as 'Transmission Company' in the IDD and User Requirements Specification (URS) documents when in reference to BSC Central Systems data items.

Exceptions to the solution are:

- references to the 'NGET Connection Agreement' to become 'NGESO Connection Agreement' as this is a specified title;
- references to 'system operator' in the lower case are to remain as this is a generic term (an operator of a non-specific system); and
- references to 'System Operator BM Cashflow' are to remain as this is a defined term.

The proposed changes to the CSDs have been drafted as part of this proposal and can be found alongside the legal text in Attachments B-Q. As part of this Modification we have incorporated housekeeping changes into the following documents:

- BSC Section X-1 'General Glossary' – amend incorrect reference in the definition of 'De Minimis Acceptance Threshold'. Amend a typographical error in definition of 'Equivalent Meter';
- Section X-2 'Technical Glossary' – remove repeated wording, 'Working Day' from table X-2;
- Balancing and Settlement Code Procedure (BSCP) 14 'Processing of Manifest Error Claims', - Insert BSSCo into section 3.2;

- Settlement Administration Agent (SAA) URS – amend typographical errors in sections 4.6, 4.7 and 5; and
- Funds Administration Agent (FAA) URS – delete repeated wording, 'charge', from section 2.2.32.

## Legal text

Please see attachment B for the proposed legal text. A minor, amendment has been made following a response to the Report Phase Consultation (outlined in section 8) to further define Transmission Licence. Please see attachments C-AA for the alternative proposed legal text (outlined in section 8).

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## 4 Impacts & Costs

### Estimated central implementation costs of P369

The central implementation cost to deliver the solution to this Modification is £480. This is derived from one Working Day to implement the changes to the BSC Sections and CSD's and another day to update relevant Local working Instructions.

### Indicative industry costs of P369

There are no industry costs for the implementation of this Modification, which has been confirmed through the Report Phase Consultation. Please see Attachment T for the consolidated responses.

### P369 impacts

#### Impact on BSC Parties and Party Agents

Party/Party Agent	Potential Impact
None identified.	

#### Impact on Transmission Company

The Transmission Company shall review any documentation it owns which references NGET in regards to the BSC.

#### Impact on BSCCo

Area of ELEXON	Potential Impact
Operations	This Modification will require updates to the wording of impacted local working instructions.
Following the legal separation, the NGET share of ELEXON will be required to be transferred to NGESO.	

#### Impact on BSC Systems and processes

BSC System/Process	Potential Impact
None identified.	

#### Impact on BSC Agent/service provider contractual arrangements

BSC Agent/service provider contract	Potential Impact
Letter of Agreement for BM Audit	Novation required. To be completed in parallel with the Modification as a separate work stream with the same implementation date.

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Agreement for use of the National Grid Corporate Telephone Network	As above.
<b>Impact on Code</b>	
<b>Code Section</b>	<b>Potential Impact</b>
Section C 'BSCCo and its subsidiaries' Section X Annex X-1, Section X Annex X-2	Redlining amendments as proposed by the solution to this Modification Proposal.

<b>Impact on Code Subsidiary Documents</b>	
<b>CSD</b>	<b>Potential Impact</b>
BSCP14	Redlining amendments as proposed by the solution to this Modification Proposal.
NETA IDD Part 1	As above.
NETA IDD Part 2	
BMRA Service Description (SD)	
CDCA SD	
FAA SD	
BMRA URS	
CDCA URS	
CRA URS	
EAC/AA URS	
ECVAA URS	
FAA URS	
SAA URS	
NHHA URS	
Reporting Catalogue	
CVA Data Catalogue: Annex C	

**Impact on a Significant Code Review (SCR) or other significant industry change projects**

We requested that this Modification Proposal be classed as SCR Exempt by Ofgem. Ofgem was notified on 18 May 2018 that this Modification was due to be raised and that it was ELEXON and the Proposer's view that this Modification should be a SCR Exempt Modification Proposal. Ofgem confirmed SCR exemption on 29 May 2018.



### Impact on Consumers

The solution to this Modification does not have any direct impacts on consumers.

### Impact on Environment

ELEXON does not believe this Modification has any direct impacts on the environment.

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### Recommended Implementation Date

Modification P369 is proposed to be implemented on **29 March 2019**, as part of a combined ad hoc March 2019 BSC Release with another Modification. The following text shall be added into BSC Section C in order to specify that the added text shall take effect from the 1 April 2019:

‘2.2.4 Modification Proposal P369, including any modifications to Code Subsidiary Documents or any other document maintained under the Code made pursuant to Modification Proposal P369, shall take effect from 00:00 hours on 1 April 2019.’

This is due to this BSC Modification, the associated NGENSO BSC novation and the BSC share transfer being required to take effect on 1 April 2019; the date on which the ESO functions will transfer from NGET to NGENSO. All other impacted code administrators intend to implement their respective changes on this day.

### Applicable BSC Objectives

The Proposer's views against the Applicable BSC Objectives are summarised in the table below:

Impact of the Modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence	<b>Positive</b>
(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System	Neutral
(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity	Neutral
(d) Promoting efficiency in the implementation of the balancing and settlement arrangements	Neutral
(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]	Neutral
(f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation	Neutral
(g) Compliance with the Transmission Losses Principle	Neutral

#### Proposer views against Objective (a)

The Proposer and ELEXON believe that this Modification will better facilitate Applicable BSC Objective (a) as:

- Attributing the appropriate obligations to NGESO as the System Operator and the transmission owner in accordance with the proposed new NGESO Transmission Licence and modified NGET Transmission Licence obligations.

#### Self-Governance

The Proposer and ELEXON recommend that this Modification should not be considered suitable for treatment as Self-Governance, as the Party responsible for ESO functions will be amended and so may result in a material impact on:

- competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
- the operation of the National Electricity Transmission System.

BEIS and Ofgem believe a more independent System operator will help to keep household bills down by working to ensure and enable more competition, coordination and innovation across the System. The operation of the National Electricity Transmission System will be



#### What are the Self-Governance criteria?

A proposal that, if implemented:

- a) is unlikely to have a material effect on:
  - i. existing or future electricity consumers; and
  - ii. competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
  - iii. the operation of the national electricity transmission system; and
  - iv. matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
  - v. the Code's governance procedures or modification procedures, and
- b) is unlikely to discriminate between different classes of Parties

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materially impacted as this Modification facilitates the ownership and operation of the Transmission System separating into two legally separate entities.

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The Panel's initial discussions focussed around three points of the Modification: if the Modification should not be treated as Self-Governance; if the Terminology used to reflect NGENSO's role within the BSC was suitable; and if amendments to the Modification following Report Phase Consultation are possible within the requested timeline.

### Self-Governance

The Panel discussed whether to recommend P369 as a Self-Governance Modification or not. Some Members of the Panel believed P369 could be viewed as a consequential change from the amendments to the Transmission Licence. Further, it was of a nature that seemed like a straightforward document only change that would not directly have a material impact on the operation of the Transmission System or on the competition in the generation distribution and supply of electricity.

The Proposer stated that the Authority will provide direction in regards to the transfer of the Transmission License and shareholding within ELEXON from NGET to NGENSO. Additionally, this Modification is part of a co-ordinated effort across affected code governing bodies. All other Modifications that have been proposed have not been progressed as Self-Governance. Therefore, you could argue it would be inconsistent to progress P369 as a Self-Governance Modification and inappropriate due to the Authorities significant involvement in the legal separation process.

### Terminology

A Panel Member did not agree with National Grid's ESO obligations being defined within the term 'Transmission Company'. They believed this could be unclear and confusing to new organisations becoming signatories to the BSC as they may incorrectly interpret Transmission Company (TC) to be the Transmission Owner without feeling the need to check BSC Section X for the definition of TC. They believed this could act as a barrier to entry. They believed that the term used to represent NGENSO's obligations within the BSC could be better represented. Further, they believed that if a change is made, rather than aim for minimal change, it should be done properly and effectively.

It was queried what approach had been taken in other codes to represent NGENSO. The Proposer clarified that a similar approach had been taken in other codes. For example, 'The Company' had been used in the Connection and Use of System Code ([CUSC](#)) and the [Grid Code](#). Where additional specificity was required 'NGESO' had been used. In the event that NGENSO's role was to change in the future, this approach allows the definition of 'The Company' to be amended as opposed to reviewing and amending each individual reference.

The Proposer highlighted that from the conception of the legal separation, the aim had always been to progress associated modifications through the minimum change required. This approach was consulted on by National Grid through an industry [open letter](#) being published in September 2017 and no concerns had been raised. The Proposer believed that amending all TC references in the BSC would be going beyond the principle of minimum possible change. The alternative approach would have been to amend all 703 references of 'Transmission Company' within all BSC Sections, except E and J, to become an alternative term.

ELEXON noted that the proposed legal text does deliver the intent of P369 and stands up legally.

## Timeline

As the legal separation shall take effect on the 1 April 2019, National Grid had requested that all code changes are with Ofgem for decision by October 2018. The current timeline for P369, as the Legal text currently stands, will achieve an Authority decision by mid-September.

If following the Report Phase Consultation, the Panel wanted to amend the legal text; it was questioned whether the October approval date could still be met.

ELEXON clarified that amending all 703 references to Transmission Company would introduce a risk that the requested October date could not be achieved. It would depend on whether all references could be amended and reviewed with the new terminology without conflicting with any other terms in use.

## Proposer's views

The Proposer supports that the current drafting of the legal text delivers the legal separation in the context of the BSC. The term 'Transmission Company' has been used in order to achieve the legal separation with the minimum amount of change required in line with the requested approach. 'Transmission Company' was deemed suitable as National Grid only has ESO obligations in regards to the BSC and 'Transmission Company' is already the primary term used to identify National Grid.

National Grid has received negative feedback from the industry against the term 'NGESO' being used in codes when additional specificity is not required. This is due to the inflexibility of this term if NGESO's role were to change in the future. 'The Company' has been used in National Grid owned codes only and has the risk of causing confusion in the BSC.

If the industry indicates that 'Transmission Company' is not the most suited term to represent NGESO's functions within the BSC, then National Grid fully supports a change of the defined term from 'Transmission Company' to 'National Electricity Transmission System Operator' which would be consistent with the proposed approach taken in the Distribution Connection and Use of System Agreement ([DCUSA](#)).

## Summary

The Panel agreed to progress P369 to Report Phase Consultation by majority (5 to 4). Those in favour believed that the Modification achieved legal separation via the requested approach and those against believed that the terminology should be made clearer. The majority believed that P369 should not be treated as a Self-Governance Modification for the reasons outlined by the Proposer above. The minority believed it should be treated as Self-Governance as it was a consequential change and had no material impact on the Self-Governance Criteria.

The Panel unanimously voted that P369 does better facilitate Applicable BSC Objective (a) despite some members preferring the term 'Transmission Company' was replaced with something more meaningful. This was because, although some members of the Panel felt

that the legal text could be improved, the Modification still achieved legal separation. The Panel also unanimously voted that the drafted legal text and changes to the CSD's did deliver the intent of P369. Finally, the Panel unanimously agreed an initial implementation date of 29 March 2019 as part of an ad hoc March 2019 BSC Release.

## Additional Consultation Question

Following the Panel discussions an additional Consultation question was included within the Report Phase Consultation:

*"Do you support the amendment of the proposed legal text so that 'Transmission Company' and 'System Operator' is changed to 'National Electricity Transmission System Operator (NETSO)?"*

The term 'NETSO' has been selected as a potential term to represent NGENSO instead of 'Transmission Company' in order to be consistent with the approach taken in the proposed National Grid legal separation modification for DCUSA. The DCUSA Modification (CP324) was presented to the [DCUSA Panel on 18 July 2018](#) where it was approved to be progressed to the Report Phase. This term would be easily amendable if NGENSO's role were to change in the future and also clearly separates NGENSO's role from that of a Distribution System Operator.

This amendment requires substantially more changes to the Code and Subsidiary documents than under the originally proposed changes. This approach will only be taken if the Panel direct the change to the legal text in response to the Report Consultation responses highlighting that additional clarity is needed from the term 'Transmission Company'.

## 8 Report Phase Consultation Responses

This section summarises the responses to the Panel's Report Phase Consultation on its initial recommendations. You can find the full responses in Attachment AB.

Summary of P369 Report Phase Consultation Responses				
Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the Panel's initial recommendation that P369 should be approved?	6	0	0	0
Do you agree with the Panel that the redlined changes to the BSC deliver the intent of P369?	4	1	0	1
Do you agree with the Panel's recommended Implementation Date?	4	0	0	2
Do you agree with the Panel's initial view that P369 should not be treated as a Self-Governance Modification?	5	0	0	1
Do you support the amendment of the proposed and existing legal text so that 'Transmission Company' is changed to 'National Electricity Transmission System Operator (NETSO)?	6	0	0	0
Do you have any further comments on P369?	5	0	0	1

### Alternative legal text

As outlined in Section 7, an additional question was included within the Report Phase Consultation to understand industries preference for the legal text. The original legal text proposes to use 'Transmission Company' and the alternative proposes to use 'NETSO'.

### Governance

Under BSC Section F 2.7.5(c), the Panel can instruct the Modification Secretary to make specified changes to the legal text to give effect to the Modification following the Consultation responses.

If the Panel views that new information has emerged between the Report Phase Consultation and the final approval of the Modification Report; the Panel may, with the Authorities consent, extend the Report Phase Consultation (F 2.7.6A).

The ELEXON legal team does not view an extended Consultation necessary due to the alternative wording only proposing to substitute the terminology used, not changing the solution itself and having already been consulted upon in the Report Phase Consultation. For these reasons the proposed alternative legal text wording does not constitute an Alternative Modification for the purposes of the Code. ELEXON believe adopting the alternative terminology is a response to what has been highlighted through the Report Phase Consultation.

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## Recommended legal text

All respondents to the Report Phase Consultation support the amendment of the proposed legal text so that 'Transmission Company' is changed to 'National Electricity Transmission System Operator (NETSO)'. We therefore recommend, with support from the Proposer, that the alternative legal text be adopted.

The term NETSO has been chosen in order to more clearly link this term with NG's ESO functions. The use of the term 'NETSO' is consistent with the approach taken in the DCUSA Modification (CP324) and is easily amendable if NGESO's role were to change in the future. CP324 was approved by the DCUSA Panel to progress directly to Report Phase Consultation with the use of the term NETSO.

## What will the alternative legal text look like?

The alternative legal text will follow the same approach as originally proposed for the term 'Transmission Company'. However, as opposed to defining NG's ESO functions under 'Transmission Company' it shall now be defined as 'National Electricity Transmission System Operator' and 'NETSO'.

The alternative legal text shall achieve the legal separation by:

- amending all references which refer to ESO functions to become 'National Electricity Transmission System Operator' or 'NETSO';
- amending all references to Transmission Company to 'NETSO';
- Deleting the definition of 'Transmission Company'; and
- introduce a definition for the term 'National Electricity Transmission System Operator' and abbreviation 'NETSO' to refer to the entity named National Grid Electricity System Operator Limited.

'National Electricity Transmission System Operator' and 'NETSO' will be defined in Section X, Annex X-1. The definition will refer to NG's ESO obligations only and include the acronyms and words: 'NGESO', 'National Grid Company' and 'NGC'. All references to 'NGET', the 'National Grid Electricity Transmission Limited', 'National Grid', 'System Operator' and 'Transmission Company' will be updated to become NETSO. This is to ensure that all references to the various terms are accurate and align with NGESO's future functions, as well as to avoid any possible confusion over future responsibilities.

In line with the original approach used for the term 'Transmission Company', a definition for NGET is not required to be added to the Code due to all references within the BSC relating to ESO functions only. Additionally, the term 'Transmission Company' will become unused and redundant; no definition shall be replaced into Annex X-1 for this term.

To avoid the need for disruptive and costly changes to BSC Central Systems:

- references to 'NGC' in the CSD's are proposed to be retained (the acronym NGC has been included within the definition of NETSO to enable this);
- existing redundant references to 'System Operator Consumption Imbalance' and 'System Operator Production Imbalance' within the Interface Definition Documents (IDD) will have '[redundant]' inserted next to them and be marked as housekeeping for the purpose of future changes already impacting BSC Central Systems;

- the acronym 'SO' shall be defined as 'NETSO' in the IDD and User Requirements Specification (URS) documents when in reference to BSC Central Systems data items. '(NETSO)' shall follow each acronym of 'SO' to avoid any potential confusion;

Exceptions to the solution are:

- references to the 'NGET Connection Agreement' to become 'NGESO Connection Agreement' as this is a specified title;
- references to 'system operator' in the lower case are to remain as this is a generic term (an operator of a non-specific system); and
- references to 'System Operator BM Cashflow' are to remain as this is a defined term.

As part of this Modification we have incorporated housekeeping changes into the following documents:

- BSC Section X-1 'General Glossary' – amend incorrect reference in the definition of 'De Minimis Acceptance Threshold'. Amend a typographical error in definition of 'Equivalent Meter';
- Section X-2 'Technical Glossary' – remove repeated wording, 'Working Day' from table X-2;

### **Which documents will the new terminology affect?**

The table below identifies the impacts the alternative approach (NETSO) will have on the BSC and CSDs. We have drafted the alternative legal text, (see attachments C-AA) in case the Panel wish to approve this alternative wording. Should the Panel approve the alternative legal text; the changes to the CSDs will be drafted, consulted upon and approved prior to implementation, as is often the case for Modifications. The CSDs will be consulted upon during October.

The total number of impacted documents using the original terminology (Transmission Company) is 19. The total number of impacted documents using the alternative terminology (NETSO) is 81. The central implementation cost to deliver the implementation of this Modification will increase from £480 (original terminology) to £9600 (alternative terminology). This is an approximate figure derived from 40 Working Days to implement the changes to the impacted BSC Sections and CSDs which are:

Impact on Code	
Code Section	Potential Impact
Pool Supplement	Redlining amendments with the alternative terminology.
BSC Index	
Section A	
Section B	
Section C	
Section D	
Section F	
Section G	
Section H	
Section I	
Section K	
Section L	
Section M	
Section N	
Section O	
Section P	
Section Q	
Section R	
Section S	
Section T	
Section U	
Section V	
Section W	
Section X	
Section X Annex X-1	
Section X Annex X-2	

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					Impact on Code Subsidiary Documents
CSD					Potential Impact
BSCP	IDD	SD for:	URS for:	BDD for:	
BSCP01	Part 1(doc)	CDCA	BMRA	CVA Annex A	Redlining amendments with the alternative terminology.
BSCP03	Part 2(doc)	CRA	CDCA	CVA Annex B	
BSCP06		SAA	CRA	CVA Data Catalogue	
BSCP11		BMRA	EAC	Reporting Catalogue	
BSCP15		FAA	ECVAA	Communication s Requirement Document	
BSCP18		TLF	FAA	SVA Volume 1	
BSCP201		BSC Audit	SAA	SVA Volume 2	
BSCP20			NHHDA		
BSCP25			PARMS		
BSCP27			SVAA		
BSCP31			Load Flow Model Specification		
BSCP32					
BSCP65					
BSCP68					
BSCP70					
BSCP71					
BSCP75					
BSCP14					
BSCP301					
BSCP40					
BSCP502					
BSCP503					
BSCP504					
BSCP505					
BSCP508					
BSCP509					
BSCP515					
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## Consultation respondents views on Proposed Modification

All six respondents agreed with the Panels initial unanimous recommendation that P369 should be approved.

Four respondents agreed that the redlined changes delivered the intent of P369. Another respondent who marked 'other', was in agreement on the condition that the terminology

was amended from 'Transmission Company' to a term which 'better reflects the new legal entity and its specific role and obligations relating to system operation'. The final respondent disagreed with the proposed definition of Transmission License stating that the proposed definition was not specific enough in its reference to the relevant Transmission License held by the Transmission Company. Subsequently, ELEXON has amended the definition to clearly link it with who the Transmission License was granted to.

Four of the respondents agreed with the Panel's recommended Implementation Date. A respondent who marked other agreed providing that all legal drafting was completed in time for the National Grid go-live date. The final respondent whose response was 'other', agreed providing that if the expected date of NGENSO taking responsibility from NGET were to change following the approval of this Modification; relevant actions would be taken to ensure that amended legal text would take effect at the correct time.

Five respondents agreed with the Panel's view that P369 should not be treated as Self-Governance. Reasoning behind this was due to the Modification having a material impact on the operation of the Transmission System, the sheer number of documents affected and the impact on BSC Parties and non-Parties therefore making it useful to be communicated to the wider market such as potential new BSC Parties. The final respondent, whose response was 'other', outlined that the Modification appeared to meet the Self-Governance Criteria but they did not have an objection to it not being treated as a Self-Governance Modification.

Only one respondent had further comments on P369 which have been discussed below.

## Consultation respondents views on the alternative terminology

All six of the respondents supported the amendment of the proposed and existing legal text so that 'Transmission Company' is changed to NETSO.

Reasoning behind this was that using the term NETSO more clearly links NGENSO with its forthcoming role of the ESO. It was commented that 'Transmission Company' could be considered as unclear jargon which would be a barrier to entry for new market entrants and would not fulfil BSC Objective (d). Respondents understood that there would be a significant impact on the number of documents affected along with an associated cost. However, it was felt that it would be more economic and efficient to implement the most suited terminology now rather than through another Modification in the future. A respondent also highlighted that to avoid unnecessary and onerous repetition of 'National Electricity Transmission System Operator' the acronym 'NETSO' should be used throughout the BSC for efficiency.

A respondent commented that National Grid could become established as a wider National Electricity System Operator co-ordination role (NESO), as distinct from a National Electricity *Transmission* System Operator or an Electricity Distribution System Operator or any other local electricity system operator. The respondent felt that future system operation would require increased co-ordination between operators of generation, demand storage and networks across the entire national System. Therefore, the inclusion of the word 'Transmission' may not accurately reflect the future development of NGENSO's role.

The removal of the word Transmission was suggested to the Proposer. However, NETSO is the agreed term to be progressed in the DCUSA code. Therefore, it was felt that the benefits of cross code co-ordination, which would benefit market participants due to

fewer terms to represent the same role, outweighed the benefits of the implementing the term 'NESO'.

## Summary

The Report Phase Consultation highlighted that the use of the term 'Transmission Company' to represent NGESO's role in the BSC would be better suited with the use of the term 'NETSO'.

Although, progressing P369 with the alternative legal text would be against National Grid's initial requested approach of minimum change to achieve legal separation, National Grid fully support the progression of the alternative legal text.

ELEXON are also in agreement. Although the total number of documents affected will increase significantly from 19 to 81 resulting in the total central implementation cost of this Modification being £9600 (40 WDs); ELEXON agrees that it would be beneficial to progress this Modification with the most suited terminology now rather than making future amendments.

## 9 Recommendations

We invite the Panel to:

- **AGREE** that P369:
  - **DOES** better facilitate Applicable BSC Objective (a);
- **APPROVE** an Implementation Date of 29 March 2019;
- **AGREE** the amended definition of 'Transmission License'
- **DIRECT** the P369 legal text is updated with the amended definition of 'Transmission License';
- **AGREE** 'NETSO' is the most suited term to represent NG's ESO functions in the BSC;
- **DIRECT** the P369 legal text is updated to reflect the alternative approach detailed in section 8;
- **AGREE** a recommendation that P369 Proposed Modification should be **approved**; and
- **APPROVE** the P369 Modification Report, subject to the alternative approach being incorporated.

## Appendix 1: Glossary & References

### Acronyms

Acronyms used in this document are listed in the table below.

Acronym	
Acronym	Definition
BEIS	Department for Business, Energy and Industrial Strategy
BMRA	Balancing Mechanism Reporting Agent
BSC	Balancing and Settlement Code
BSCCo	Balancing and Settlement Code Company
CDCA	Central Data Collection Agent
CUSC	Connection and Use of System Code
CRA	Central Registration Reporting Agent
CSD	Change Subsidiary Document
DCUSA	Distribution Connection and Use of System Agreement
EAC	Estimated Annual Consumption
ESO	Electricity System Operator
FAA	Funds Administration Agent
IDD	Interface Definition Document
IWA	Initial Written Assessment
NETA	New Electricity Trading Arrangements
NETSO	National Electricity Transmission System Operator
NG	National Grid
NGESO	National Grid Electricity System Operator
NGET	National Grid Electricity Transmission
SCR	Significant Code Review
SD	Service Description
TO	Transmission Owner
URS	User Requirement Specification

### External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
2	P369 Webpage	<a href="https://www.elexon.co.uk/mod-proposal/p369/">https://www.elexon.co.uk/mod-proposal/p369/</a>

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External Links		
Page(s)	Description	URL
3	BSC Sections page of ELEXON website.	<a href="https://www.elexon.co.uk/bsc-and-codes/balancing-settlement-code/bsc-sections/">https://www.elexon.co.uk/bsc-and-codes/balancing-settlement-code/bsc-sections/</a>
4	Statement on the future of Electricity System Operation	<a href="https://www.gov.uk/government/publications/statement-on-the-future-of-electricity-system-operation">https://www.gov.uk/government/publications/statement-on-the-future-of-electricity-system-operation</a>
4	Consultation response by Ofgem on Electricity System Operator separation	<a href="https://www.ofgem.gov.uk/electricity/transmission-networks/electricity-so-reform">https://www.ofgem.gov.uk/electricity/transmission-networks/electricity-so-reform</a>
13	The Connection and Use of System Code webpage	<a href="https://www.nationalgrid.com/uk/electricity/codes/connection-and-use-system-code-cusc">https://www.nationalgrid.com/uk/electricity/codes/connection-and-use-system-code-cusc</a>
13	The Grid Code webpage	<a href="https://www.nationalgrid.com/uk/electricity/codes/grid-code">https://www.nationalgrid.com/uk/electricity/codes/grid-code</a>
13	Link to National Grid industry open letter	<a href="https://www.nationalgrid.com/sites/default/files/documents/Code%20approach%20Open%20Letter_Final_2.pdf">https://www.nationalgrid.com/sites/default/files/documents/Code%20approach%20Open%20Letter_Final_2.pdf</a>
14	The Distribution Connection and Use of System Agreement	<a href="https://www.dcusa.co.uk/SitePages/Home.aspx">https://www.dcusa.co.uk/SitePages/Home.aspx</a>
14	DCUSA Panel 18 July 2018 webpage	<a href="https://www.dcusa.co.uk/Lists/DCUSA%20Calendar/DispForm.aspx?ID=2842&amp;Source=https%3A%2F%2Fwww%2Edcusa%2Eco%2Euk%2FLists%2FCommittees%20%20Groups%20List%2FDisplayCGForm%2Easpx%3FID%3D10&amp;ContentTypeId=0x01020027E750AFC0265645A3CB533F29B9DE0700F3667BAAA396764DBF60F04C812E5889">https://www.dcusa.co.uk/Lists/DCUSA%20Calendar/DispForm.aspx?ID=2842&amp;Source=https%3A%2F%2Fwww%2Edcusa%2Eco%2Euk%2FLists%2FCommittees%20%20Groups%20List%2FDisplayCGForm%2Easpx%3FID%3D10&amp;ContentTypeId=0x01020027E750AFC0265645A3CB533F29B9DE0700F3667BAAA396764DBF60F04C812E5889</a>