

Energy UK
Charles House
5-11 Regent Street
London, SW1Y 4LR

6 October 2017

Dear Lloyd,

Submitted electronically to Box.ELSP@nationalgrid.com

RE: Energy UK response to National Grid Open letter on the development and implementation of GB code changes resulting from legal separation of the Electricity System Operator (ESO) within the National Grid Group

Energy UK is the trade association for the GB energy industry with a membership of over 90 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership encompasses the truly diverse nature of the UK's energy industry from established FTSE 100 companies' right through to new, growing suppliers and generators, which now make up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 26 million homes and every business in Britain. Over 619,000 people in every corner of the country rely on the sector for their jobs with many of our members providing lifelong employment as well as quality apprenticeships and training for those starting their careers. The energy industry adds £83bn to the British economy, equivalent to 5% of GDP, and pays over £6bn in tax annually to HMT.

We appreciate the opportunity to respond to this open letter on National Grid's approach to code modifications. Energy UK understands that this has the potential to be a complicated, and difficult task for National Grid, but it is necessary one, and it arguably does not have to be complex.

Given that the industry is under significant time pressures from industry changes ranging from the implementation of the European Network Codes, to the transition to the Distribution System Operator, Energy UK would support a simpler solution in the short term. The priority here is to undertake administrative changes to the codes to ensure compliance with the legal separation within the timelines. There should be no significant changes to the powers of the Transmission Owner or System Operator through this process. At a later date, there should be a full review of the industry codes to ensure that the codes are fit for purpose post-separation. In particular the appropriateness of governance arrangements of the Connection and Use of System Code (CUSC) and the Grid Code.

We welcome and agree that early industry engagement and transparency are key to ensuring that the formal modification process for each code process can progress efficiently. To facilitate this, it would be useful to publish a more developed and granular timeline for each of the industry codes. We also welcome the undertaking to share initial drafts of the code changes with Industry. We would welcome this sooner rather than later, facilitated through the relevant code administrators. It would also be opportune for National Grid to share at the earliest opportunity their assessment of where changes may cut across multiple industry codes.

Energy UK has one particular concern with proposal. Under the CUSC (page 5), Grid Code (page 6) of this open letter, National Grid has proposed to "achieve [the changes] through code provisions where [National Grid] can but some bilateral discussion may be required". Energy UK is uncomfortable with this reference that implies that some changes will be made 'behind closed doors'. This should be a clear and entirely transparent process, and this reference to bilateral discussion is not adhering to these principles.

Please do not hesitate to get in touch if you have any questions about Energy UK's position.

Thanks,

Kate Dooley
Policy Manager