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Grid Code Modification Proposal Form		
<h1>GC0179:</h1> <h2>Removal of Balancing Code No.4 from the Grid Code</h2> <p><b>Overview:</b> Balancing Code No.4 (BC4) covers Terre Processes. This modification seeks to remove this section from the Grid Code due to it being no longer required following the exit of the United Kingdom from the European Union. This modification will also remove references to TERRE from the Grid Code.</p>		<h3>Modification process &amp; timetable</h3> <div> <div>1</div> <div>2</div> <div>3</div> <div>4</div> <div>5</div> </div> <div> <div>Proposal Form 12 March 2025</div> <div>Code Administrator Consultation 06 May 2025 - 06 June 2025</div> <div>Draft Final Modification Report 18 June 2025</div> <div>Final Modification Report 09 July 2025</div> <div>Implementation 10 Business Days after Decision</div> </div>
<p><b>Status summary:</b> The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.</p>		
<p><b>This modification is expected to have a: Low impact</b> Generators, Transmission System Owners, Interconnectors, Network Operators, National Energy System Operator</p>		
<p><b>Modification drivers:</b> Efficiency</p>		
<p><b>Proposer's recommendation of governance route</b></p>	<p>Standard Governance modification to proceed to Code Administrator Consultation</p>	
<p><b>Who can I talk to about the change?</b></p>	<p><b>Proposer:</b> Jay Chandarana <a href="mailto:jay.chandarana3@nationalenergyso.com">jay.chandarana3@nationalenergyso.com</a> 07701230311</p>	<p><b>Code Administrator Contact:</b> <a href="mailto:grid.code@nationalenergyso.com">grid.code@nationalenergyso.com</a></p>

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## **What is the defect you are trying to resolve?**

In 2018, processes to allow market participants and the Transmission System Operators to coordinate with one another to facilitate participation in the EU Trans-European Replacement Reserve Exchange (TERRE) were introduced into the Grid Code via Grid Code modification GC0097. The modification sought to align the Balancing and Settlements Code (BSC) with the European Balancing Project TERRE (Trans-European Replacement Reserves Exchange) requirements. On 31 December 2020, the transition period ended, and the United Kingdom left the EU single market and customs union, and EU law ceased to apply to the UK. In April 2021, the TSO National Grid ESO (Great Britain) gave notice to the TERRE Steering Committee on their will to exit the TERRE project, as part of the decision on Brexit and in line with the provision included in the Cooperation Agreement. The Final Trade and Cooperation Agreement (TCA) meant that GB participation as a third country to exchange Replacement Reserves (RR) using TERRE in the way it was originally envisaged is not permitted. BC4 is therefore not applicable as it was originally intended.

### **Why change?**

The change is proposed to remove this section of the Grid Code which is redundant with the aim of achieving an accurate Grid Code.

## **What is the Proposer's solution?**

To remove BC4 from the Grid Code because it is not currently applicable and is redundant. The information will be archived, in case elements of it might be needed if GB were to re-join the EU at some point in the future and if TERRE were to be resurrected. This modification will also remove any references to BC4 from other sections of the Grid Code and remove references to TERRE from the Glossary and Definitions.

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## What is in and out of scope?

Removal of BC4 from the Grid Code and amendment to Governance Rules section (Annex GR. B) are in scope, in addition to removal of references to BC4 from other sections of the Grid Code and removal of references to TERRE from the Glossary and Definitions.

### Legal text

Legal text for this change can be found in Annex 1.

## What is the impact of this change?

Very minimal impact is anticipated to all impacted parties since the proposed change does not seek to introduce any new obligations to any Grid Code parties. It seeks to remove current obligations as they are not applicable anymore.

Proposer's assessment against Grid Code Objectives	
Relevant Objective	Identified impact
(a) To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity;	<b>Neutral</b>
(b) Facilitating effective 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);	<b>Neutral</b>
(c) Subject to sub-paragraphs E3.2(b)(i) and E3.2(b)(ii), 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;	<b>Neutral</b>
(d) To efficiently discharge the obligations imposed upon the licensee by this license* and to comply with the Electricity Regulation and any relevant legally	<b>Neutral</b>

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binding decisions of the European Commission and/or the Agency; and	
(e) To promote efficiency in the implementation and administration of the Grid Code arrangements	<b>Positive</b>  Removal of a redundant section will result in a more accurate Grid Code.

\* See Electricity System Operator Licence

### Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories

Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	<b>Neutral</b>
Lower bills than would otherwise be the case	<b>Neutral</b>
Benefits for society as a whole	<b>Neutral</b>
Reduced environmental damage	<b>Neutral</b>
Improved quality of service	<b>Positive</b>  Removal of a redundant section will result in a more accurate Grid Code.

## When will this change take place?

### Implementation date:

10 Business Days following Decision

### Proposer's justification of Implementation date:

Users are not expected to be impacted in a material way.

### Date decision required by

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Q3 2025

### Implementation approach

No systems or processes are anticipated to require changes as a result of this modification.

### Proposer's justification for governance route

Governance route: Standard Governance modification to proceed to Code Administrator Consultation

BC4 is referenced in the Mapping of Electricity Balancing Regulation Article 18 Terms and Conditions for Balancing Service Providers and Balancing Responsible Parties to the Grid Code and are considered to be Regulated Sections.

### Interactions

<input type="checkbox"/> CUSC	<input checked="" type="checkbox"/> BSC	<input type="checkbox"/> STC	<input type="checkbox"/> SQSS
<input type="checkbox"/> European	<input checked="" type="checkbox"/> EBR Article 18	<input type="checkbox"/> Other	<input type="checkbox"/> Other
Network Codes	T&Cs <sup>1</sup>	modifications	

There are TERRE related obligations in the BSC. Elexon have committed to raising a modification as they still maintain systems related to TERRE which is an unnecessary cost to the consumer.

BC4 is listed in the Regulated Sections of the Grid Code.

### Industry engagement and feedback

Draft modification was presented at the Grid Code Development Forum on 05 February 2025 with positive feedback from industry.

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## Acronyms, key terms and reference material

Acronym / key term	Meaning
BC4	Balancing Code No.4
BSC	Balancing and Settlement Code
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Regulation
GC	Grid Code
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions
TERRE	Trans-European Replacement Reserve Exchange

## Annexes

Annex	Information
Annex 1	GC0179 Legal Text