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Draft Final Modification Report

GC0179: Removal of Balancing Code No.4 from the Grid Code

Overview: Balancing Code No.4 (BC4) covers Trans-European Replacement Reserve Exchange (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 and the discontinuation of all TERRE systems from December 2025. This modification will also remove all references to TERRE from the Grid Code.

Modification process & timetable

1	Proposal Form 12 March 2025
2	Code Administrator Consultation 06 January 2026 – 06 February 2026
3	Draft Final Modification Report 18 February 2026
4	Final Modification Report 11 March 2026
5	Implementation 10 Business Days after Decision

Have 30 minutes? Read the Draft Final Modification Report.

Have 60 minutes? Read the Draft Final Modification Report and Annexes.

Status summary: The Draft Final Modification Report has been prepared for the recommendation vote at Panel.

Panel recommendation: The Panel will meet on 26 February 2026 to carry out their recommendation vote.

This modification is expected to have a: Low impact

Generators, Transmission System Owners, Interconnectors, Network Operators, National Energy System Operator

Modification drivers: Efficiency

Governance route

Standard Governance modification to proceed to Code Administrator Consultation

Who can I talk to about the change?

Proposer:

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Code Administrator

Contact:

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What is the issue?

In 2018, processes to allow market participants and the Transmission System Operators (TSO's) 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 requirements. On 31 December 2020, the transition period for the [UK-EU Trade and Cooperation Agreement \(TCA\)](#) 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, National Grid ESO (the Great Britain TSO) gave notice to the TERRE Steering Committee on their will to exit the TERRE project, as part of the Brexit decision and in line with the provision included in the Trade and Cooperation Agreement. The Final 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 in the way that it was originally intended. On 31 December 2025 operations in the LIBRA platform (TERRE software) will have to be stopped due to legal constraints. BC4 will never be operable text.

Why change?

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

What is the solution?

The Proposer's solution is to remove the contents of BC4 from the Grid Code because it is redundant. This modification will also remove references to BC4 from the Grid Code Governance Rules and remove references to TERRE and its associated definitions, including Replacement Reserve, from the Glossary and Definitions.

What is in and out of scope?

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

There are references to BC4 within the European Compliance Processes and Operating Code 5, including in figures. However, these instances of BC4 refer to a type of Limited

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Frequency Sensitive test¹ rather than to Balancing Code 4, so these references will not be removed from the Grid Code.

Legal text

Legal text for this change can be found in **Annex 02**.

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, and it is currently not possible for parties to implement BC4 requirements. It seeks to remove current obligations as they are not applicable anymore.

Proposer's assessment against Grid Code Objectives	
Relevant Objective	Identified impact
(i) To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity;	Neutral
(ii) 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);	Neutral
(iii) Subject to sub-paragraphs (i) and (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;	Neutral
(iv) To efficiently discharge the obligations imposed upon the licensee by this license* and to comply with the Electricity Regulation and any relevant legally binding decisions of the European Commission and/or the Agency; and	Neutral

¹ The Limited Frequency Sensitive Tests are referred to in both the European Compliance Processes and Operating Code 5. They are also referenced within the [Guidance Notes for Power Park Modules](#).

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(v) To promote efficiency in the implementation and administration of the Grid Code arrangements	<p>Positive</p> <p>Removal of a redundant section will result in a more accurate Grid Code.</p>
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* See Electricity System Operator Licence

Code Administrator Consultation Summary

The Code Administrator Consultation was issued on the 06 January 2026 closed on 06 February 2026 and received 1 non-confidential responses and 0 confidential responses. A summary of the responses can be found in the table below, and the full responses can be found in **Annex 03**.

Code Administrator Consultation summary	
Question	
Do you believe that the GC0179 better facilitates the Grid Code Applicable Objectives?	The respondent believes objectives i and iv better facilitated the applicable objectives, than the baseline.
Do you support the proposed implementation approach?	The respondent supports the proposed implementation approach noting changes will not impact Parties and can be made quickly.
Do you have any other comments?	The respondent notes this change removes part of the Grid Code (Balancing Code 4, BC4 and other references to TERRE) that cannot be used. A mirroring change is progressing through the BSC.
Legal text issues raised in the consultation	
No legal text issues were raised	
EBR issues raised in the consultation	
No EBR issues were raised	

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Panel Recommendation/Determination vote

The Panel will meet on the 26 February 2026 to carry on their recommendation vote.

They will assess whether a change should be made to the Grid Code by assessing the proposed change and any alternatives against the Applicable Objectives.

When will this change take place?

Implementation date:

10 Business Days following a decision by the Authority

Proposer's justification of Implementation date

NESO and Users are not expected to be impacted in a material way, and hence there is no reason to delay the implementation.

Date decision required by

There is no specific decision required date, so the Proposer has suggested mid 2026 - TERRE systems were discontinued in December 2025 so the text in BC4 is redundant.

Implementation approach

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

Interactions

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

There are TERRE related obligations in the BSC. Elexon have committed to raising a modification related to TERRE as they also hold redundant parts of code.

BC4 is listed in the Regulated Sections of the Grid Code due to an EBR interaction.

Industry engagement and feedback

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This modification was presented at the Grid Code Development Forum (GCDF) on 05 November 2025 and received no material feedback from industry.

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
GCDF	Grid Code Development Forum
SQSS	Security and Quality of Supply Standards
STC	System Operator Transmission Owner Code
RR	Replacement Reserves
T&Cs	Terms and Conditions
TCA	Trade and Cooperation Agreement
TERRE	Trans-European Replacement Reserve Exchange
TSO	Transmission System Operators

Annexes

Annex	Information
Annex 01	GC0179 Proposal Form
Annex 02	GC0179 Legal Text
Annex 03	GC0179 Code Administrator Consultation Response