

Ofgem decision to Approve GC0179: Removal of Balancing Code No.4 from the Grid Code

Decision: The Authority¹ directs² that the proposed modification to the Grid Code be made

Target audience: National Energy System Operator (NESO), the Grid Code Review Panel, Grid Code users and other interested parties

Date of publication: 20 July 2026

Implementation date: 29 October 2026

Background

Balancing Code No.4 (BC4) of the Grid Code (GC) sets out provisions relating to the Trans-European Replacement Reserve Exchange (TERRE). TERRE was a European platform for trading replacement reserve electricity between transmission system operators which Great Britain (GB) had access to prior to UK exit from the European Union (EU).

Following UK departure from the EU, BC4 was retained and could have become applicable if third-country arrangements for TERRE access had been achieved. However, TERRE was discontinued from December 2025 and thereby the BC4 provisions are no longer capable of practical application. GC0179 therefore seeks to remove BC4 and associated references to TERRE from the GC. This decision forms part of the wider removal of redundant TERRE-related provisions from industry codes and should be read alongside our decision on Balancing and Settlement Code (BSC) Modification P508.

As BC4 contains TERRE-related provisions that are currently recognised within the Article 18 terms and conditions for balancing (T&C) under the Electricity Balancing

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

Guideline (EBGL),³ we have considered the impact of GC0179 on those T&Cs. Article 18 of the EBGL required the Transmission System Operator (TSO)⁴ to develop balancing T&C for Balancing Service Providers (BSPs) and Balance Responsible Parties (BRPs).⁵ On 8 October 2019,⁶ we published our decision to confirm, upon satisfaction of certain conditions, that the T&C proposed are the T&C required by Article 18 of the EBGL. On 25 June 2020, all the necessary conditions were met, and the proposed T&C came into force in GB. We note that the proposed legal text changes under GC0179 include changes which affect the T&Cs.

The modification proposal

NESO raised this modification proposal on 12 March 2025. 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 from the Glossary and Definitions.

The proposer asserts that this modification will have a positive impact on the Applicable Grid Code Objective (AGCO) (v)⁷ and a neutral impact on the other AGCOs.

The Final Modification Report (FMR)⁸ noted that no material impact is anticipated for any 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 no longer applicable.

Grid Code Review Panel recommendation

The Grid Code Review Panel ("the Panel") met on 26 February 2026 to carry out its recommendation vote. The Panel assessed the proposal against AGCOs. The Panel considered that the modification would remove redundant provisions relating to TERRE that are no longer capable of practical application, thereby improving the clarity and accessibility of the GC for users. The Panel unanimously supported the Proposer's

³ [Commission Regulation \(EU\) 2017/2195](#) establishing a guideline on electricity balancing, as amended and applied in Great Britain by Schedule 2 (Amendments to the Electricity Balancing Regulation) of [The Electricity Network Codes and Guidelines \(Markets and Trading\) \(Amendment\) \(EU Exit\) Regulations 2019](#)

⁴ National Grid Electricity System Operator was the relevant transmission system operator at the time. NESO now carries out the relevant functions, following its incorporation on 1 October 2024.

⁵ See footnote 4 and our decision of 14 September 2018 [Decision on the assignment of Transmission System Operator obligations under the Guideline on Electricity Balancing Regulation within GB | Ofgem](#)

⁶ [Decision on the Transmission System Operators' proposal for the Terms and Conditions related to Balancing | Ofgem](#)

⁷ The Applicable Grid Code Objective (v) is "to promote efficiency in the implementation and administration of the Grid Code arrangements".

⁸ <https://www.neso.energy/industry-information/codes/gc/modifications/gc0179-removal-balancing-code-no4-grid-code>

assessment that GC0179 better facilitates AGCO (v) and recommended that the modification be approved.

Our decision

We have considered the issues raised by the modification proposal and in the FMR dated 11 March 2026. We have considered the consultation position set out in the FMR and have not identified any stakeholder evidence that would alter our assessment. We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the AGCO (v) of the Grid Code⁹
- approving the modification is consistent with our principal objective and statutory duties.¹⁰

We consider that approving GC0179 is consistent with the Authority's principal objective and statutory duties. The modification is administrative in nature and removes provisions relating to TERRE arrangements that are no longer capable of practical application. It does not introduce new obligations and is not expected to adversely affect Grid Code users, consumers, competition, security of supply, or the operation of the transmission system. On that basis, we consider that approval is consistent with our wider statutory duties.

Reasons for our decision

We consider this modification proposal will better facilitate AGCO (v); to promote efficiency in the implementation and administration of the Grid Code arrangements with no material impact on other AGCOs.

BC4 was introduced to support TERRE processes, but those arrangements are no longer required. Retaining provisions that no longer have practical application creates unnecessary complexity in the Grid Code. Removing BC4 and associated references should improve the clarity and usability of the Grid Code for existing and new users, remove obsolete provisions that no longer have practical application, and support the efficient implementation and administration of the Grid Code arrangements.

⁹ As set out in Standard Condition E3 of the [Electricity System Operator Licence](#).

¹⁰ The Authority's statutory duties are wider than matters which the Grid Code Panel Review must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

Impact on Article 18 Terms and Conditions

We have also considered the impact of GC0179 on the Article 18 terms and conditions for balancing under the EBGL. BC4 contains TERRE-related provisions that are currently recognised within the Grid Code as part of those terms and conditions. GC0179 removes only obsolete TERRE-related provisions and does not amend the substantive requirements for BSPs or BRPs, introduce new obligations, or change the operation of the balancing arrangements. We are therefore content that GC0179 is neutral against the Article 18 terms and conditions.

Decision notice

In accordance with Standard Condition E3 of the Electricity System Operator Licence, the Authority hereby directs that Grid Code modification proposal GC0179: Removal of Balancing Code No.4 from the Grid Code be made.

The Authority further directs that GC0179 be implemented on 29 October 2026, to align with the implementation date for BSC Modification P508.

As a consequence, we also approve the resulting amendments to the T&C under the EBGL.

James Hill

Principal Policy Expert- Electricity System Operation

Signed on behalf of the Authority and authorised for that purpose