

# **EMR Compliance Statement in Respect of Special Condition 2N**

## **Compliance Statement**

### **National Grid Electricity Transmission plc**

Prepared pursuant to Special Condition 2N of the electricity transmission licence treated as granted to National Grid Electricity Transmission plc (registered in England with number 2366977) whose registered office is at 1-3 Strand, London WC2N 5EH under section 6 of the Electricity Act 1989

**11<sup>th</sup> October 2017**

## Version Control

Version	Date of change	Summary of changes
0.1	14 August 2014	Draft compliance statement submitted to Ofgem for review and comment
0.2	1 September 2014	Compliance statement submitted to Ofgem for approval
0.3	2 September 2014	Compliance Statement updated to include references to FES, Demand and Generation Scenarios and submitted to Ofgem for approval
0.4	25 September 2014	Compliance Statement updated to include comments from Ofgem dated 23.09.2014
0.5	02 October 2014	Compliance Statement updated to include agreed amendments made following the call with Ofgem on 01.10.14
0.6 Draft for Review and Comment.	17 July 2015	Document updated to reflect the changes to Special Condition 2N Directed by the Secretary of State and effective on 15.03.2015, and to strengthen the compliance statement controls.  Document submitted to Ofgem as Draft for Review and Comment.
0.7 Draft for Review and Comment	22 July 2015	Document updated to reflect comments received from Ofgem. Code of Conduct updated to include a Deputy for the EMR Compliance Officer, who should also be contacted in the event of a non compliance.
0.8 Draft for Review and Comment	30 September 2015	Document updated to reflect agreement with Ofgem following two data incidents. Section 6 updated to reflect appointment of an independent external auditor.
0.9	19 October 2015	Document updated to reflect agreement with Ofgem following two data incidents
1.0 Draft for review and comment	12 July 2017	Document updated to reflect the following changes: included additional controls for separation between NGET and ROCB in section 2 Updates to Section 4 on the Enduring Administration System Removal of Section 7 Data Incidents since these are now concluded Updates To Appendices 2,4,6,7,8
1.1Draft	22 <sup>nd</sup> September 2017	Compliance Statement submitted to Ofgem

for Approval		for approval
1.2 Approved	11 <sup>th</sup> October 2017	Document Approved by Ofgem

## **Definitions**

For the purposes of this statement, unless indicated otherwise the following definitions from the NGET licence apply:

**“Associate”** means:

- (a) an Affiliate or Related Undertaking of the licensee;
- (b) an Ultimate Controller (as defined in Standard Condition A1 (Definitions and interpretation)) of the licensee;
- (c) a Participating Owner of the licensee; or
- (d) a Common Control Company.

**“Authority”** shall have the meaning given in standard condition A.1

**“Common Control Company”** means any company, any of whose ultimate controllers (applying the definition in Standard Condition A1 (Definitions and interpretation) but substituting that company for the licensee) is also an ultimate controller of the licensee.

**“Confidential EMR Information”** means all Information disclosed to or acquired in any way (and whether directly or indirectly) by the licensee or any of its agents or representatives by virtue of the performance of EMR Functions by the licensee, but excluding:

- (a) all Information that is in or has entered the public domain otherwise than as a direct or indirect consequence of any breach of this licence;
- (b) all Information which the licensee can demonstrate was lawfully in its written records prior to the date of disclosure of the same by the owner of the Confidential EMR Information or which it received from a third party independently entitled to disclose it; and
- (c) all Information properly received in the usual course of the licensee’s activities pursuant to paragraphs (a) to (c) (inclusive) of the definition of Permitted Purpose.

**“Confidential EMR Administrative Information”** means Confidential EMR Information disclosed to or acquired by the licensee by virtue of its role in performing EMR Administrative Functions.

**“Confidential EMR Delivery Plan Information”** means Confidential EMR Information which comprises either:

- (a) Information on the costs of low carbon electricity generation technologies; or
- (b) Information, the unauthorised disclosure of which would be adverse to the commercial interests of the Information provider, in each case, where such Information is:

- (i) disclosed to or acquired by the licensee by virtue of its role in performing EMR Data Handling Functions; and
- (ii) specific to an individual energy industry participant, plant, facility, generating station or generation set, or the owner or operator thereof.

**“De minimis business”** shall have the meaning given in standard condition B6.

**“EMR Administrative Functions”** means any functions conferred on the licensee by or by virtue of:

- (a) the Electricity Capacity Regulations 2014, but excluding any functions conferred by or by virtue of Part 3 of those regulations;
- (b) any capacity market rules made by the Secretary of State pursuant to section 34(1) of the Energy Act and any capacity rules made by the Authority pursuant to section 34(3) of the Energy Act;
- (c) the Contracts for Difference (Allocation) Regulations 2014; and
- (d) any allocation framework made by the Secretary of State pursuant to section 13(2)(a) of the Energy Act.

**“EMR Administrative Team”** means the team established or to be established by the licensee in accordance with paragraph 2N.7.

**“EMR Compliance Officer”** means the compliance officer appointed or to be appointed by the licensee in accordance with paragraph 2N.19

**“EMR Compliance Statement”** is defined under paragraph 2N.14 of Special Condition 2N.

**“EMR Data Handling Functions”** means the data anonymisation and data aggregation functions which shall be performed in order to achieve the objective specified in paragraph 2N.6(a).

**“EMR Data Handling Team”** means the team established or to be established by the licensee in accordance with paragraph 2N.5.

**“EMR Functions”** has the same meaning as the term “EMR functions” in Chapter 5 of Part 2 of the Energy Act 2013.

**“EMR Relevant Duties”** means the licensee’s obligations pursuant to Special Condition 2N

**“Energy Act”** means the Energy Act 2013.

**“Future Energy Scenarios”** means the future scenarios prepared by NGET pursuant to Condition C11(Production of information about the electricity transmission system) of the Licence

**“Information”** means all information of whatever nature and in whatever form including, without limitation, in writing, orally, electronically and in a visual or machine-readable medium including CD ROM, magnetic and digital form.

**“Licence”** means the electricity transmission licence granted to NGET under s6(1)(b) of the Electricity Act 1989

**“National Grid”** means the National Grid group of companies

**“NGET”** means National Grid Electricity Transmission plc

**“Offshore Transmission Owner”** shall have the meaning given in standard condition A1

**“Participating Interest”** has the meaning given in section 421A of the Financial Services and Markets Act 2000.

**“Participating Owner”** - For the purposes of the definition of Associate above, a person is subject to a Participating Interest by another person (a “Participating Owner”) if:

- (a) that other person holds a Participating Interest in the person; or
- (b) the person is subject to a Participating Interest by a person who is himself subject to a Participating Interest by that other person

**“Permitted Purpose”** shall have the meaning given in Standard Condition A1 (Definitions and interpretation).

**“Relevant Other Competitive Business”** (ROCB) means the business of:

- (a) participating in, or intending to participate in, a competitive tender exercise to determine a person to whom an offshore transmission licence is to be granted;
- (b) an Offshore Transmission Owner;
- (c) undertaking carbon capture and storage activities; or
- (d) owning and/or operating an entity participating in, or intending to participate in activities which require a licence under section 6(1)(e) of the Electricity Act 1989.

**“Shared Services”** means shared corporate services as specified in Appendix 1 of this compliance statement.

**“Single Responsible Director”** has the meaning given in Special Condition 2N.20.

**“Special Condition”** means a special condition of the Licence

**“Standard Condition”** means a standard condition of the Licence

**“Systems”** means the IT systems developed to support delivery of EMR Functions

## **1. Introduction**

This Compliance Statement (“Statement”) has been prepared to secure compliance with the EMR Relevant Duties set out in Special Condition 2N of the Licence. The purpose of this statement is to describe the practices,

procedures and systems which NGET has adopted (or intends to adopt) to secure the confidentiality of Confidential EMR Information which includes Confidential EMR Delivery Plan Information and Confidential EMR Administrative Information, and to ensure that NGET, in performing the EMR Functions, acts in the manner best calculated to secure that none of NGET's businesses, nor any business of any Associate of NGET, obtains any unfair commercial advantage as a result of NGET carrying out the EMR Functions, including through any arrangements the object or effect of which is that the exercise of the EMR functions is unduly influenced in favour of those businesses.

## **2. Legal and functional separation of National Grid Electricity Transmission plc and Relevant Other Competitive Businesses**

In accordance with paragraph 3 of Special Condition 2N, NGET shall at all times conduct activities, including carrying out the EMR functions, separately from the ROCB.

2.1 NGET is and will continue to be a separate legal entity from the ROCB. At Appendix 2 is a company structure of National Grid which demonstrates that NGET and the ROCB are separate legal entities. No members of the board of NGET are members of the boards of the ROCB. No members of the boards of the ROCB are members of the board of NGET.

2.2 NGET does not and will not hold directly or indirectly any shares or investments in the ROCB or any corporate entity which conducts ROCB, has control over any of the ROCB or any of the assets used in or dedicated to the ROCB and therefore does not have entitlement to vote at the general meetings of any of the ROCB.

In accordance with Special Condition 2C, NGET will not hold or seek to hold a transmission licence that has section E (Offshore Transmission Owner Standard Conditions) in effect.

NGET conducts its transmission business in the manner best calculated to secure that the licensee, any affiliate or related undertaking (that either intends to participate in a competitive tender exercise or has been granted an offshore transmission licence), any user of the national electricity transmission system or any other transmission licensee; obtains no unfair commercial advantage from preferential or discriminatory arrangements.

The arrangements NGET has in place to secure compliance with Special Condition 2C are set out below:

- NGET is required to have in place and comply with a number of industry codes which set the framework to ensure all customers are treated on a fair and equal basis and that the licensee does

not obtain an unfair commercial advantage in conducting its transmission business.

- The codes, in general, set out the detailed rules controlling commercial matters and treatment of information. They require that information NGET receives as part of the regulated business must be treated as confidential, and can only be used to enable NGET to perform its regulated activities.
- Employees of NGET who work with the codes are given training on their usage and guidance on the information sharing restrictions. Employees receive annual reminders of the compliance rules through general communications messages or targeted briefings.
- Where affiliates or related undertakings of NGET require services covered by the industry codes they are subject to the rules of the codes on the same basis as any other customer and no preferential or discriminatory arrangements apply. The consistent use of the codes secures that NGET does not provide an unfair commercial advantage to any affiliate or related undertaking in conducting its transmission business.

National Grid ensures that where services are provided between businesses, they are negotiated and managed on an arms-length basis, normal commercial terms. For services which are not covered by licence formula or industry charging statements, NGET has a Governance Policy for the Pricing of Intra business and Third Party Services. The policy is in place to secure that consistent pricing is applied for services provided to group companies and third parties. Separate lawyers are instructed to act for NGET and any affiliate business or related undertaking.

- 2.3 NGET's accounts are maintained and to the extent required by law are audited and reported separately from those of any corporate entity which conducts ROCB. This underpins separation of function, cost and revenues. A full copy of the statutory accounts and report of the auditors for National Grid plc is available on the National Grid plc website and includes details of the independence of auditors and the process for the appointment of auditors. In addition Condition B1 of the NGET licence requires NGET to publish audited regulatory accounts on the National Grid plc web site.
- 2.4 NGET employees engaged in, or in respect of, the management or operation of NGET (up to and including the members of the senior management team reporting to NGET's board of directors) are not simultaneously engaged either full or part time in respect of any ROCB or any corporate entity which conducts ROCB, other than in the provision of:

- Shared Services provided by NGET to its Associates as set out in Appendix 1
- Services which constitute de minimis business (as defined in Standard Condition B6 - Restriction on Activity and Financial Ring Fencing)

NGET will ensure that services it provides comply with the requirements of Standard Conditions B5 (Prohibition of Cross-Subsidies), B6 (Restriction on Activity and Financial Ring Fencing) and B9 (Indebtedness).

NGET will ensure that, except where the Authority consents or directs otherwise, employees engaged in, or engaged in respect of, the management or operation of EMR Functions are never simultaneously engaged in de minimis business.

The EMR Compliance Officer will monitor compliance with these obligations and a summary of the services NGET provides to the ROCB which constitute de minimis business will be included in the annual compliance report submitted pursuant to para 25 of Special Condition 2N.

2.5 National Grid has in place access controls at all its premises which permit access to those employees who normally work there. ROCB employees operate from separate premises to employees engaged in the management or operation of NGET and of the EMR functions. Employees who visit premises which are not their normal place of work are treated as visitors in line with National Grid policy. NGET has ensured that a process is in place with National Grid's office facilities team which requires appropriate consideration to be given to NGET's business separation licence obligations prior to office space being re-allocated to National Grid's businesses. Further detail is provided in section 4 about how access to the accommodation occupied by the EMR Administrative team is restricted.

2.6 In accordance with para 2N.4e, NGET has put in place arrangements for the recording, processing and storage of Confidential EMR Information which prevent access by persons engaged in the ROCB. NGET has restricted access to computer systems to prevent the illegitimate sharing of commercially sensitive information. Employees of the Relevant Other Competitive Businesses do not have access to NGET information systems or electronic filing systems. Access to these systems is actively managed and a periodic review of access rights is undertaken to ensure only appropriate access rights are retained.

NGET has a process in place to ensure that business separation requirements are captured at the point of information system design to ensure that relevant data/information is ring-fenced. This proactive step is designed to ensure that business separation issues are addressed at



the point of system design. NGET also has PIN controlled printer access and adopts a clear desk policy. These arrangements are described in sections 3, 4 and 5 below.

- 2.7 In accordance with para 2.N.4f, NGET has put in place a Code of Conduct to govern the disclosure of Confidential EMR Information by persons carrying out the EMR Functions.

The Code applies to all NGET employees involved in carrying out the EMR Functions and prohibits those employees from taking any decisions or actions which are unduly influenced in favour of NGET's own businesses, any associate of NGET or any ROCB. It is also applicable to employees of NGET's other businesses, employees of NGET's Associates, and employees of the ROCB and prohibits them from soliciting actions, decisions or Confidential EMR Information from those employees of NGET involved in carrying out the EMR functions which would show undue discrimination or influence in their favour.

The Code of Conduct makes it clear that a breach of the Code of Conduct, whether deliberate or unintentional, must be reported to the EMR Compliance Officer or their deputy for investigation and that a deliberate breach or failure to report an unintentional breach will be treated as a disciplinary matter in accordance with National Grid's HR policies. Accidental breach of the Code of Conduct would not generally be viewed as a disciplinary matter, except where the employee has not taken reasonable precautions to comply with the Code of Conduct.

The Code of Conduct will be communicated to employees through a series of targeted briefings and will be included in the induction processes for future new starters.

To ensure awareness of the Code of Conduct is maintained, relevant employees will receive regular reminders.

The Code of Conduct is attached as Appendix 5 to this Compliance Statement.

### **3. Establishment of the EMR Data Handling Team**

- 3.1 In accordance with paragraph 2N.5, NGET has established an EMR Data Handling Team. The EMR Data Handling Team will be managed in accordance with the requirements of Special Condition 2N as set out in paragraph 3.2 below. A chart showing where the EMR Data Handling Team fits into NGET's organisation is shown in Appendix 4.

- 3.2 The EMR Data Handling Team has put in place the following arrangements to secure compliance with the requirements of 2N.6.

- (a) **Process for Receipt of Confidential Delivery Plan Information** – NGET has established and will maintain

document and information system security policies for the receipt of Confidential EMR Delivery Plan Information. An IS system will be put in place and will thereafter be maintained, prior to the Call for Evidence (CfE). This will be a secure system comprising of a password protected web portal for the recording, process and storage of Confidential EMR Delivery Plan Information. It will be designed to enable industry participants to upload their information in response to the CfE and will be controlled via secure IDs which only allow the participants to view their own data. Functionality will be put in place such that only members of the EMR Data Handling Team will have access to the full data provided in each CfE. Prior to go-live of each CfE, this IS system will be thoroughly tested to ensure that all these security requirements are being met and the secure IDs are properly set up. The EMR Modelling Manager will be responsible for signing off the system security test.

### **Process for Storage, Anonymisation and Control of Confidential Delivery Plan Information**

Save where otherwise permitted by virtue of Special Condition 2N.6A, 12, 13 and 13A, the EMR Data Handling Team shall, in presenting Confidential EMR Delivery Plan Information to a person who is not a member of the EMR Data Handling Team, use all reasonable endeavours to ensure that it is not possible for such a person to identify the generation set, or the owner or operator thereof, which is the subject of that Confidential EMR Delivery Plan Information. Confidential EMR Delivery Plan Information will be held on a secure server and only members of the EMR Data Handling Team will have access.

The EMR Data Handling Team has in place a process to ensure the Confidential EMR Delivery Plan Information is anonymised prior to it being shared with any party outside the EMR Data Handling Team. This will be a two part process such that one member of the EMR Data Handling Team will extract data from the system onto an excel spreadsheet where they will remove columns which identify the generation set, owner or operator, and then a second member of the EMR Data Handling Team will check and sign off that this has been done correctly.

The EMR Modelling Manager will be responsible for ensuring that Confidential EMR Information which has its origin in Confidential EMR Delivery Plan Information is only shared as permitted by Special Condition 2N.6A,12, 13 and 13A and is only used for subsequent analysis by BEIS or other authorised external agency or for the authorised NGET SO functions being the EMR functions, carrying on the Balancing Services Activity and preparation of the Future Energy Scenarios and Demand and Generation Scenarios or any other purpose for which NGET has obtained the prior written consent of the Authority, and as

permitted by Regulation 65 of the Electricity Capacity Regulations 2014.

- (b) **Non Disclosure Agreement** - All members of the EMR Data Handling Team will sign a Confidentiality Undertaking and a register will be kept. A process will be put in place to ensure new starters to the team sign a Confidentiality Undertaking. A copy of the Confidentiality Undertaking which relates to the EMR Data Handling Team has been included in appendix 6.
- (c) **Policy on transfer of employees** - A process is in place to ensure the EMR Compliance Officer is advised of employees moving into or out of the EMR Data Handling Team.

For transfers into the EMR Data Handling Team, the EMR Modelling Manager will confirm to the EMR Compliance Officer that the new EMR Data Handling Team employee has signed the Confidentiality Undertaking, received a briefing on the EMR Code of Conduct and been trained on the processes in place to protect the Confidential EMR Information, including the EMR Confidential Delivery Plan Information.

Where employees are moving out of the EMR Data Handling Team, the EMR Modelling Manager will inform the EMR Compliance Officer. The EMR Compliance Officer will consider each particular case and will provide advice as to measures which NGET should apply during the transitional period, prior to the transfer taking effect, to ensure the employee is distanced from any EMR Confidential Information (including Confidential EMR Delivery Plan Information). If necessary, a transitional time period appropriate to the circumstances will be agreed by the EMR Compliance Officer on a case by case basis. Prior to the transfer, the EMR Compliance Officer will ensure that the employee receives an exit briefing to remind them of their obligations under the terms of the Confidentiality Undertaking they have signed and their contract of employment. The EMR Compliance Officer will seek positive confirmation that access to systems containing Confidential EMR Information, including Confidential EMR Delivery Plan Information, has been removed.

- (d) **Responsible Manager** - The EMR Data Handling Team is supervised and managed by the EMR Modelling Manager who acts as responsible manager for the control of the Confidential EMR Delivery Plan Information disclosed to persons carrying out the EMR Data Handling Functions and for ensuring that the EMR Data Handling Team Members comply with the obligations under paragraph 2N.6. When they are absent, the EMR Modelling manager will nominate a deputy to carry out these duties.

#### 4. Establishment of the EMR Administrative Team

- 4.1 In accordance with paragraph 2N.7, NGET has established an EMR Administrative Team which consists of the Capacity Market and Contract for Difference teams. The EMR Administrative Team will be managed in accordance with the requirements of Special Condition 2N as set out in paragraph 4.2 below. A chart showing where the EMR Administrative Team fits into the organisation is shown in Appendix 4.
- 4.2 The EMR Administrative Team has put in place the following arrangements to secure compliance with the requirements of 2N.8-11.

**Capacity Market (CM)** - NGET has established, and will maintain, document and information system security policies for the receipt of Confidential EMR Administrative Information for the Capacity Market.

In July 2016 the “Enduring” Administrative System was implemented. This secure system automates the submission and storage of CM applicant data and documents, providing the applicant with a segregated, company-specific area within the system in which they can “build” and submit their application. Access to this segregated area is limited to the applicant (via PIN and password protection plus maintenance of administration/user rights by the applicant) and the EMR Administration Team (via site-administered access rights), thereby ensuring that applicants can only see their own data.

In accordance with the approved Capacity Market (CM) Rules and timetable, results of the pre-qualification process will be put into the public domain with the exception of information relating to bank accounts and price makeups. The CM Rules set out the information to be published on the CM Register. This includes the name of each applicant and a summary of the prequalification data in the agreed form. The EMR Capacity Market Manager will be responsible for ensuring that all information published is in accordance with the CM Rules.

Industry participants who have passed the pre-qualification requirements will enter their bid data into the Auction System. The transfer of data from the “Enduring” Administrative Systems to the Auction System will be performed by the EMR Administrative Team.

The Auction system provider will be subject to confidentiality requirements under the terms of their contract. Access is restricted through individual login IDs and passwords so that participants can only see their own data. The EMR Capacity Market Manager will be responsible for the security of the system and for testing and checking that the access rights are

correctly set prior to the commencement of the auction process. At the end of the auction, a set of provisional results and a full set of results will be issued to the Auction Monitor and the Secretary of State. The EMR Capacity Market Manager will be responsible for checking that the results are issued in accordance with the CM Rules. These results will include a list of the successful bidders and the clearing price. Individual bids made in the auction will not be published in the public domain.

The Auction Monitor will have the role of checking that the auction process is being carried out correctly as set out in the relevant Capacity Market Regulations and may request data for this purpose.

**Contracts for Difference** – NGET has established, and will maintain, document and information system security policies for the receipt of Confidential EMR Administrative Information for the Contracts for Difference. As for the Capacity Market, In July 2016, the “Enduring” Administrative System was implemented and this system will be used to operate all future CfD processes.

The “Enduring” Administrative System provides a secure platform for the recording, processing and storage of Confidential EMR Administrative Information. The system automates the submission and storage of applicant data and documents, providing the applicant with a segregated, company-specific area within the system in which they can build and submit their application. Access to this segregated area is limited to the applicant (via PIN and password protection plus maintenance of administration/user rights by the applicant) and the EMR Administration Team (via site administered access rights), thereby ensuring that applicants can only see their own data.

The Contracts for Difference Manager is accountable for the security of the system and for testing and checking that the access rights to the system are correctly set.

The CfD delivery partners (BEIS, LCCC and Ofgem) are each provided with restricted and secure access to the CfD system. Each delivery partner is provided with their own secure folder where they can exchange information with each other and receive information from the CfD delivery body that they need to fulfil their function in the CfD process.

Post-event reporting to BEIS and Industry may be on an unaggregated basis. The Contracts for Difference Manager shall be accountable for ensuring this information is shared in accordance with the relevant CfD Regulations.

Information will be classified and retained in accordance with National Grid's Information & Records Management Policy.

### **Process for Storage, Anonymisation and Control of Confidential EMR Administrative Information**

- (a) Save where otherwise permitted by virtue of Special Condition 2N.8A, 13 and 13A, the EMR Administrative Team shall, in presenting Confidential EMR Administrative Information to a person who is not a member of the EMR Administrative Team, use all reasonable endeavours to ensure that it is not possible for such a person to identify the generation set, or the owner or operator thereof, which is the subject of that Confidential EMR Administrative Information.

Confidential EMR Administrative Information will be stored within the "Enduring" Administrative System. This system is secure, robust and only accessible by the EMR Administrative Team.

Applicants will submit their information directly into the System via secure transfer processes and will only have access to their own data. The majority of System outputs (data or reports) required by the Rules and Regulations will be generated within the System and will be provided to the Applicant/BEIS/the Authority/LCCC either within their individual access controlled areas or via secure email.

In the event that data needs to be configured outside the "Enduring" Administration System, for ad-hoc reports or data requests, it will be stored on a secure system which is only accessible by the EMR Administrative Team.

In the event that Confidential EMR Administrative Information needs to be communicated outside the "Enduring" Administrative System, the EMR Administration Team will apply a range of measures to ensure the security of the information. These measures may include the use of password protection, encrypted email, secure distribution lists or email tools which prevent the release of certain types of data. The choice of which measure to use will be made by the Capacity Manager, Contracts for Difference Manager or EMR Stakeholder & Compliance Manager. This decision will be based on an assessment of the risk (likelihood and impact) associated with the release of the data.

- (b) **Non Disclosure Agreement** - All members of the EMR Administrative Team will sign a Confidentiality Undertaking and a register of these documents is kept. A process is in place to ensure all new starters to the team sign a Confidentiality Undertaking. A copy of the Confidentiality Undertaking which

relates to the EMR Administrative Team has been included in appendix 6.

Shared Services personnel and other employees who may need access to Confidential EMR Information (including Confidential EMR Administrative Information or Confidential EMR Delivery Plan Information) in order to carry out their support functions or in order to enable NGET to perform its EMR Functions will be required to sign a confidentiality acknowledgement in the form set out in Appendix 7. Such persons shall only hold such information for such period as is necessary to enable the recipients to perform their respective functions.

External contractors, Agents and advisers who may need access to Confidential EMR Information (including Confidential EMR Administrative Information and Confidential EMR Delivery Plan Information) will be required by the terms of their engagement with NGET to maintain the confidentiality of such information, only to use such information for the purposes of enabling NGET to perform its EMR Functions, and not to disclose such information without prior authorisation of NGET. Such persons shall only hold such information for such period as is necessary to enable the recipients to perform their respective functions and will be required to give an undertaking to NGET in substantially the same form as that set out in Appendix 7.

- (c) **Exclusivity of activities of the EMR Administrative Team**  
The EMR Administrative Team will be managed in such a way that members of the team are only engaged in the EMR Administrative Functions on a day to day basis and will not undertake any additional NGET specific work activities other than activities which are part of their role as an NGET Manager or employee. This will include attending NGET management team meetings; participating in company-wide improvement initiatives; recruitment activities; attending training, further education courses, team building events and conferences; and supporting company wide performance management, employee engagement or reporting initiatives.
- (d) **Policy on transfer of employees** – The EMR Capacity Market Manager and the Contracts for Difference Manager will be responsible for ensuring that employee transfers into or out of the EMR Administrative Team, whether these be sourced from other parts of National Grid (excluding ROCB) or externally to National Grid, are referred to the EMR Compliance Officer so as to provide an independent check of the compliance controls for both types of employee transfers.

The table in Appendix 8 is indicative of the minimum posting periods which will apply to the EMR Administrative Team, but

the EMR Compliance Officer may authorise shorter periods if appropriate in individual cases or direct that longer periods should apply in individual cases.

Where employees move into the EMR Administrative Team, the EMR Compliance Officer will make checks with the line manager to ensure the employee has signed the Confidentiality Undertaking, received a briefing on the EMR Code of Conduct and been trained on the processes in place to protect the Confidential EMR Information, including confidential EMR Administrative Information.

Where employees are moving out of the EMR Administrative Team, the EMR Compliance Officer will make checks to ensure cooling off periods are applied to prevent members of the EMR Administrative Team transferring directly to a ROCB, in accordance with the table set out in Appendix 8. The EMR Compliance Officer will provide advice as to any special measures which should be applied on a case by case basis and in consideration of specific circumstances.

Prior to the transfer out of the EMR Administrative Team, the EMR Compliance Officer will ensure that the employee receives an exit briefing to remind them of their obligations under the terms of the Confidentiality Undertaking they have signed and their contract of employment. The EMR Compliance Officer will require positive confirmation that access to systems containing Confidential EMR Information (Including Confidential EMR Administrative Information) has been removed. The EMR Capacity Market Manager and the Contracts for Difference Manager will be responsible for advising the EMR Compliance Officer of moves in and out of the team, ensuring access is removed and records are kept.

- (e) **Access to premises** - NGET has ensured that the accommodation of the EMR Administrative Team is effective in restricting access by persons who are not members of the EMR Administrative Team. The EMR Administrative Team is located in a dedicated, secure office which has swipe card access controls which limit access to those within the EMR Administrative team.

## **5. Restrictions on the use of Confidential EMR Information**

- 5.1 NGET has put arrangements in place to restrict the use of Confidential EMR Information in accordance with the obligations set out in paragraphs 2N.12, 2N.13 and 2N.13A.

NGET will not use any Confidential EMR Information for any purpose other than:



- (i) Performing the EMR Functions
- (ii) Carrying on the Balancing Services Activity
- (iii) Production of the Future Energy Scenarios and development of demand and generation scenarios
- (iv) Any other purpose for which NGET has obtained prior written consent from the Authority or which is specified in this EMR Compliance Statement
- (v) As permitted by regulation 65 of the Electricity Capacity Regulations 2014

Provided that Confidential EMR Administrative Information and Confidential EMR Delivery Plan Information shall not be used for the purposes set out in (ii), (iii) or (iv) above unless all reasonable endeavours have been taken under paragraphs 2N.6(a), 6B, 2N.8(b) or 2N.8B to protect from disclosure the source of the information.

Employees will be made aware of the restrictions through training and awareness as described in section 7.6. In addition to the controls described in sections 2, 3 and 4 the following arrangements are in place:

**(a) Process for maintaining a list of people who have seen Confidential EMR Information**

Confidential EMR Information is held by both the EMR Data Handling, and the EMR Administrative teams. A process is in place to ensure appropriate disclosure of Confidential EMR Information is managed by these teams in accordance with 2N.12, 13 and 13A and that recipients understand the restrictions that apply.

Within the EMR Administration Team the Stakeholder and Compliance Manager is responsible for maintaining a register of persons to whom Confidential EMR Information, including Confidential EMR Administrative Information, has been disclosed. Within the Data Handling Team, the EMR Modelling Manager is responsible for maintaining a register of persons to whom Confidential EMR Information, including Confidential Delivery Plan Information, has been disclosed. These registers are known as the Confidential EMR Information Disclosure lists and will be provided to Ofgem if requested. A record of changes made to the Confidential EMR Information Disclosure list will be kept.

Employees on the Confidential EMR Information Disclosure list will be made aware of their obligations through regular reminders and where applicable, will be required to sign a confidentiality acknowledgement in the form set out in Appendix 7 as referred to above .

A copy of the Confidential EMR Disclosure List will be provided to Ofgem annually at the same time as the annual compliance report but as a separate document.

**(b) List of persons who should never see Confidential EMR Information**

For the purposes of Special Condition 2N.18(a)(vi) persons to whom Confidential EMR Information should never be disclosed are:

- employees, agents, contractors and advisers of or to the licensee engaged in the licensee's Transmission Business other than those:
  - performing the EMR Functions (2N.12(c)(i));
  - carrying on the Balancing Services Activity (2N.12(c)(ii));
  - carrying on any activity to which the Authority has given its prior written consent or which is specified in this compliance statement (2N.12(c)(iii));
  - as permitted by Regulation 65 of the Electricity Regulations 2014 (2N.12(c)(iv))
  - to whom disclosure is required in order to enable NGET to perform its EMR Functions (2N.13A(a)); or
  - engaged in, or in respect of, the provision of Shared Services, to the extent necessary to allow them to carry out their respective functions (2N.13A(b));
  
- employees, agents, contractors and advisers of or to the licensee engaged in any other business of the licensee; and
  
- employees, agents, contractors and advisers of or to an Associate of the licensee which carries on any ROCB, being the business of:
  - participating in, or intending to participate in, a competitive tender exercise to determine a person to whom an offshore transmission licence is to be granted;
  - an Offshore Transmission Owner;
  - undertaking carbon capture and storage activities; or
  - owning and / or operating an entity participating in, or intending to participate in activities which require a licence under section 6(1)(e) of the Electricity Act 1989.

**c) Additional Controls to protect Confidential EMR Delivery Plan Information**

Controls in place to protect Confidential EMR Delivery Plan information are set out in section 3.

## 6. EMR Compliance Statement

- 6.1 This Compliance Statement has been put in place in order to set out the arrangements which NGET will adopt to secure compliance with the EMR Relevant Duties in accordance with Special Condition 2N.

In order to secure compliance with the requirements of Part D of Special Condition 2N, NGET has put in place an EMR Code of Conduct (attached as appendix 5 and described in section 2.6) and a programme to ensure training and awareness (described in section 8). The Code of Conduct and training material make it clear that a deliberate breach would be treated as a disciplinary matter in accordance with National Grid HR policy.

NGET has put in place systems of control to protect Confidential EMR Information and processes for recording, processing and storage of Confidential EMR Delivery Plan Information and Confidential EMR Administrative Team Information to ensure that (unless specifically otherwise permitted under the Licence or other law):

- Confidential EMR Delivery Plan Information can only be accessed by the EMR Data Handling Team.
- Confidential EMR Administrative Information can only be accessed by the EMR Administrative Team.

These controls are set out in sections 3, 4 and 5.

The systems in place to manage Confidential EMR Delivery Plan Information and Confidential EMR Administrative Information have been set up in compliance with National Grid's Information & Security Standards and documents will be maintained and classified in accordance with National Grid's Information & Records Management Policy.

- 6.2 NGET will at least every 12 months, or at such other interval as the Authority may direct, review the descriptions set out in this EMR Compliance Statement. Where the descriptions in this EMR Compliance Statement continue to be complete and accurate in all material respects, NGET will confirm this to the Authority in its annual report to be submitted pursuant to para 25 of Special Condition 2N. Where the descriptions set out in this Compliance Statement are not complete and accurate in all material respects, NGET will revise the EMR Compliance Statement accordingly, and will submit it to the Authority for approval as an appendix to the Annual Compliance Report, or as may be required.
- 6.3 NGET will make a copy of the approved EMR Compliance Statement publically available on the National Grid plc website.

## 7. Appointment of EMR Compliance Officer and EMR compliance reporting

- 7.1 In accordance with para 19 of Special Condition 2N, NGET has appointed an EMR Compliance Officer to facilitate compliance with the EMR Relevant Duties and to perform inter alia all the duties as set out in paragraph 24 of Special Condition 2N.

The EMR Compliance Officer is also appointed as:

- Business Separation Compliance Officer (“BSCO”) under Special Condition 2O of the NGET Licence
  - BSCO under Special Condition 10C of the NGG Licence
  - Compliance Officer under Standard Special Condition A34 of the NGG Licence
  - Compliance Officer under Special Condition 2H of the NGET Licence
- 7.2 In accordance with para 20 of Special Condition 2N, NGET has appointed the Director, Market Operations as “Single Responsible Director” for the purpose of ensuring the performance of, and overseeing the duties and tasks of the EMR Compliance Officer and the licensee’s compliance with its EMR Relevant Duties. The Single Responsible Director shall report to the board of directors of the licensee in relation to the obligations set out in Special Condition 2N.
- 7.3 In accordance with paragraph 21 of Special Condition 2N, NGET shall ensure that the EMR Compliance Officer is provided with sufficient resources and access to premises, systems, information and documentation in order to fulfil the duties and tasks assigned under this condition.
- 7.4 In accordance with paragraph 2N.22, the EMR Compliance Officer is not engaged in the management or operation of the Transmission Business, any associate, any other business of NGET or any Relevant other Competitive Business. The independence of the EMR Compliance Officer is secured through:
- a reporting to the UK General Counsel and Company Secretary;
  - a separate reporting line to the Compliance Committee; and
  - a strong stewardship link to the NGET Board of Directors.

NGET has established a compliance committee, to which the EMR Compliance Officer shall report twice yearly. The Compliance Committee reports to the NGET Board of Directors and includes among its members the Single Responsible Director, the Sufficiently Independent Directors and the director responsible for management of regulatory issues. A chart showing National Grid’s Governance

Structure with the Compliance Committee is included in Appendix 3 of this statement.

7.5 NGET has appropriate processes in place and will ensure relevant teams are briefed so that relevant complaints or representations are reported to the EMR Compliance Officer for investigation.

7.6 **Duties & Tasks of the EMR Compliance Officer**

The EMR Compliance Officer will undertake the duties and tasks set out in paragraph 2N.24 and will seek to secure a culture of compliance within NGET through the following activities:

(a) **Information, Advice and Training** - The EMR Compliance Officer will continue to provide advice to NGET managers and Directors of NGET to ensure compliance with the EMR Relevant Duties.

- Compliance rules will be put in place which will reinforce the EMR Code of Conduct described in section 2. The EMR Data Handling Team, the EMR Administrative Team and other teams within NGET who need to be aware will receive a targeted briefing from the EMR Compliance Officer's team to ensure they are fully aware of the restrictions on sharing Confidential EMR Information and how it relates to them. Employees from the ROCB will receive a briefing so that they are aware of the restrictions and do not seek to obtain any unfair advantage.
- Employees in the EMR Data Handling Team, EMR Administrative Team and those on the Confidential EMR Information Disclosure List will receive regular reminders from their responsible managers during the year to ensure a high level of awareness is maintained.
- To ensure wider awareness across the National Grid UK business, general communications will be made using National Grid's usual employee communication channels, which include bulletins and provision of material for discussion at Team Meetings.
- A network of Licence Advisers are in place who promote awareness of licence obligations, engender a culture of compliance and facilitate compliance monitoring within their area of the business. Licence Advisers within NGET have been briefed on the EMR licence obligations. The EMR Compliance Officer maintains regular contact with the Licence Advisers and workshops are held periodically to

ensure consistent interpretation of information sharing restrictions and to identify compliance best practice.

- The EMR Compliance Officer's intranet website has a comprehensive range of compliance educational material, full copies of the licence and codes of conduct. Compliance rules and the EMR Code of Conduct will be made available to NGET employees via this Intranet site.
- The principles of information sharing restrictions are further reinforced through an e-learning module. Employees who have access to commercially sensitive information or who are involved in the pricing, negotiation or delivery of contracts are required to recomplete the e-learning training every two years.

**(b) Monitoring** - The EMR Compliance Officer will undertake monitoring during the period to assess the effectiveness of practices, procedures and systems adopted to secure compliance with the EMR Relevant Duties.

- The EMR Compliance Officer has ensured that relevant Licence Advisers have been briefed on the practices, procedures and systems which have been put in place to secure compliance with the EMR Relevant Rules. The Licence Advisers will be required to build these controls into their business separation frameworks.
- As part of the monitoring process, the Licence Advisers will assess risks and review and test the effectiveness of the controls in place. The Licence Advisers will submit their report as to the effectiveness of the controls in place, approved by their director to the EMR Compliance Officer.
- The monitoring is backed up by the EMR Compliance Officer's team holding challenge & review meetings with the Licence Advisers during the year.
- As part of the monitoring the EMR Compliance Officer will liaise with the Risk, Compliance and Audit teams to understand whether any key risks/issues have been identified through their processes.

The EMR Compliance Officer will continue to advise whether to the extent the implementation of such practices procedures and systems require the co-operation of any other person they are designed so as reasonably to secure the required co-operation.

The EMR Compliance Officer will investigate any complaint made available in accordance with paragraph 2N.23 and will recommend and advise upon the remedial action which any such investigation has demonstrated to be necessary or desirable.

The EMR Compliance Officer will report annually to the Single Responsible director as to their activities in respect of the EMR Relevant Duties during the period covered by the report.

- 7.7 In accordance with paragraph 2N.25 of Special Condition 2N, NGET will prepare an annual report in a form approved by the Authority, as to its compliance with the EMR Relevant Duties and its implementation of the practices, procedures and systems set out in the EMR Compliance Statement.

In accordance with paragraph 2N.26, the report will detail the activities of the EMR Compliance Officer during the reporting period, refer to any matters appropriate to the implementation of the practices, procedures and systems described in the compliance statement, set out the details of any investigations conducted by the EMR Compliance Officer and will be accompanied by a compliance certificate approved by a resolution of the board of directors and signed by the Single Responsible Director.

NGET will submit the annual compliance report and certificate to the Authority and will publish it on its web site no later than 14 days following its approval by a resolution of the board of directors.

## **8. General**

- 8.1 Should NGET cease to perform the EMR Functions, NGET will continue to apply the controls to protect Confidential EMR information, including Confidential EMR Delivery Plan Information and Confidential Administrative Information, in accordance with paragraphs 2N.12 and 13 of Special Condition 2N.

## **9. Further information**

Requests for further information about this statement should be addressed for the attention of the EMR Compliance Officer at:

National Grid Electricity Transmission plc  
Legal Department  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

## **Appendices**

Appendix 1 – Shared Service Functions

Appendix 2 – Company structure chart

Appendix 3 – National Grid’s Governance structure with compliance committee

Appendix 4 – Structure chart showing the EMR Data Handling Team and the EMR Administrative Team within the organisation

Appendix 5 - EMR Code Of Conduct

Appendix 6– Non Disclosure Agreements.

Appendix 7 –Confidentiality Acknowledgement and Confidentiality Undertaking

Appendix 8 – Minimum posting periods applicable to EMR Administrative Team

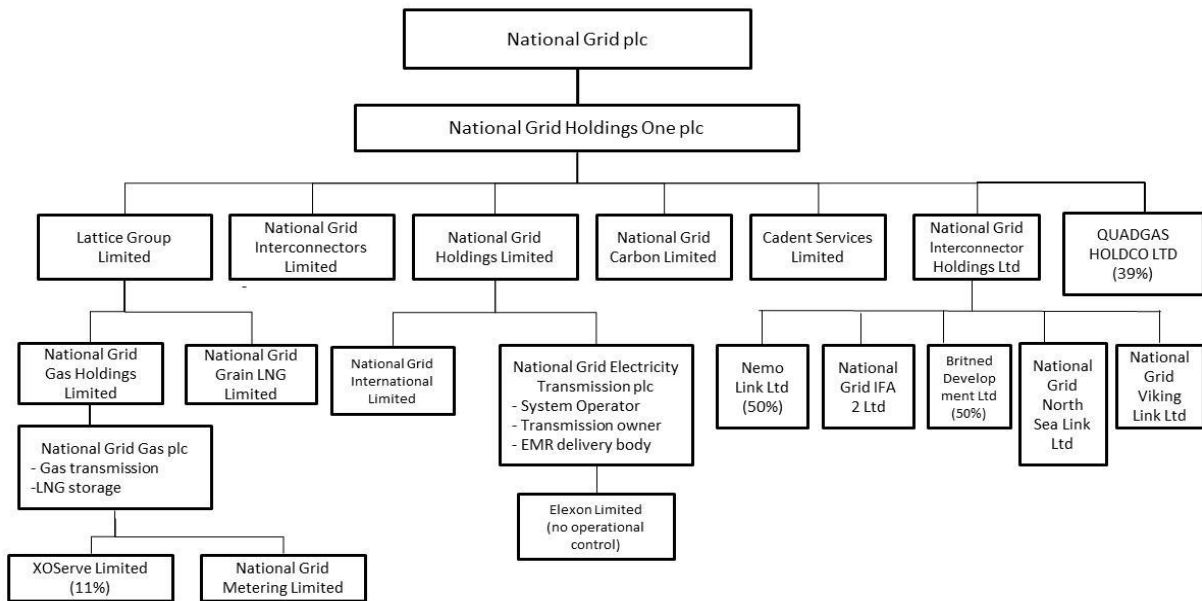


## **Appendix 1 – Shared Service Functions**

- Finance
- Human Resources
- Business Development
- Legal
- IS
- Regulation & Government Affairs
- Procurement & Logistics
- Planning and Environment
- Public Relations
- Health & Safety
- Audit
- Insurance
- Tax
- Property Management
- Transactional Finance
- Transactional Human Resources
- Facilities Management
- Services provided by Construction

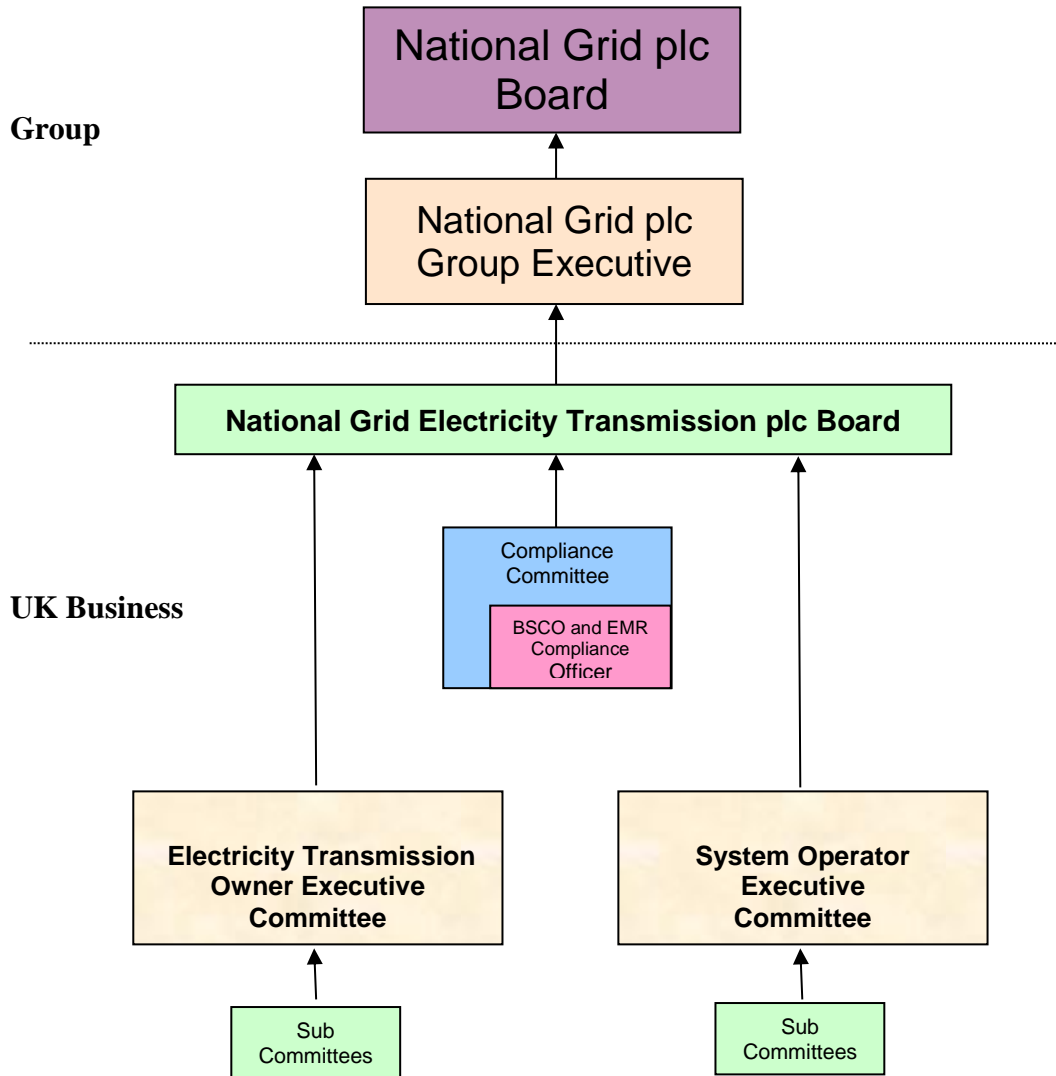
Confidential EMR Information may only be shared with employees from the above Shared Services functions to the extent that they need the specific information to carry out their role in supporting the EMR Functions.

## Appendix 2 – Company Structure Chart



Based on National Grid plc corporate structure as at September 2017  
 This chart was accurate at this date and will only be updated where there are material changes to either NGET or any relevant other competitive businesses. This chart shows the principal UK operating companies and certain other shareholdings and excludes a number of National Grid subsidiary companies.

### Appendix 3 – National Grid’s Governance Structure with Compliance Committee

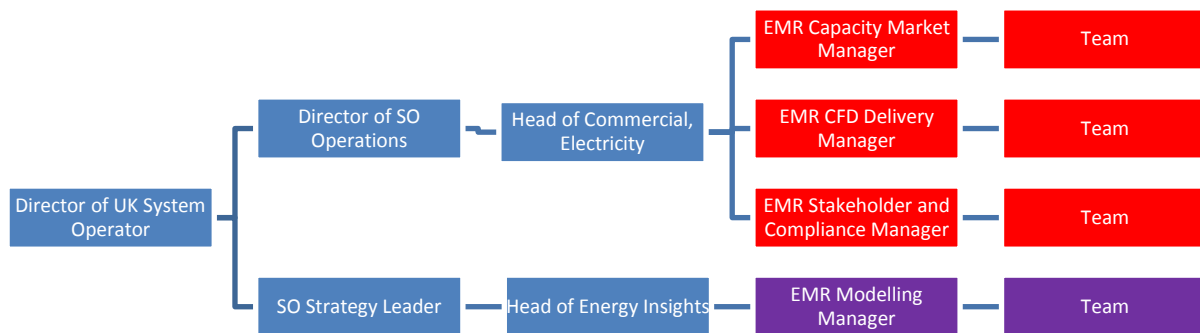


## Appendix 4

### Structure charts showing the EMR Data Handling Team and the EMR Administration Team

The structure chart below is correct as at September 2017 and will be updated annually or where there is a material change

#### Key



## Appendix 5 – EMR Code of Conduct

### Code of Conduct In respect of Confidential EMR Information

#### Purpose & Scope

Through the role of Electricity Market Reform delivery body, National Grid Electricity Transmission (NGET) receives highly sensitive, confidential information from third parties which is known as **Confidential EMR Information**. Confidential EMR information is any information NGET has received through performing the EMR Functions in relation to the Capacity Market, Contracts for Difference and Call for Evidence. Confidential EMR Information includes two subsets:

- Information from third parties who are applying for Capacity Agreements or Contracts for Difference and which is known as **Confidential EMR Administrative Information**; and
- Information from third parties who respond to calls for evidence and which is known as **Confidential EMR Delivery Plan Information**.

The NGET licence Special Condition 2N contains specific obligations which require the implementation of robust controls in order to protect the confidentiality of Confidential EMR Information. There are additional obligations in respect of Confidential EMR Delivery Plan Information and Confidential EMR Administrative Information.

**This Code sets out the rules which govern the disclosure of Confidential EMR Information. These rules apply to Confidential EMR information which:**

- is **not** in the public domain
- NGET does **not** receive through the normal course of its activities (ie, through CUSC, BSC (Balancing & Settlement Code), Grid Code, STC (SO TO Code), framework agreements and Connection Applications.

In particular, this Code is designed to mitigate the risk of an unfair commercial advantage arising through:

- Illegitimate sharing of Confidential EMR Information with National Grid's businesses operating in Interconnectors, Offshore or Carbon Capture & Storage
- Ineffective systems for the receipt, storage, classification and processing of Confidential EMR Information
- Use of Confidential EMR Information for unauthorised purposes.

**The Code applies to all electricity transmission employees who are involved in performing the EMR functions, or the Balancing Services Activity or preparation of the Future Energy Scenarios or Demand and Generation Scenarios, and who require access to or disclosure of Confidential EMR Information in order to perform those functions. It also applies to Shared Services employees who require access to or disclosure of Confidential EMR Information in order to perform their Shared Services function.**

**All other UK National Grid employees should be aware of the Code and that they must not seek to obtain an unfair advantage by soliciting Confidential EMR Information**

**(including Confidential EMR Delivery Plan Information and/or Confidential Administrative Information) from an NGET employee.**

## What are the consequences of breaching this Code Of Conduct?

Failure to comply could result in serious consequences for National Grid, including:

- Financial Penalty
- Criminal Prosecution
- Liability payments to a third party for breach of contract
- Investigations and other enforcement action by Ofgem
- Additional and more onerous licence conditions and
- Serious damage to the company's reputation

An intentional breach of the Code of Conduct by an employee (or failure to report an unintentional breach) will be treated as a disciplinary matter and may result in dismissal. Accidental breach of the Code of Conduct would not generally be viewed as a disciplinary matter, except where the employee has not taken reasonable precautions to comply with this Code of Conduct.

**Employees can ask their line manager for guidance in the first instance or contact a member of the Ethics & Compliance Team.**

## What are the rules I need to comply with?

The following Rules apply to:

### NGET Employees Working on the EMR Functions

NGET employees who are involved in carrying out the EMR functions must not take any decisions or actions which are unduly influenced in favour of any of NGET's own businesses (including, for the avoidance of doubt the NGET TO and Commercial Engineering Services) and any other National Grid company, in particular those involved in Offshore Carbon Capture and Storage or Interconnector activities.

### NGET Employees working on the EMR Administrative Team

- **DO NOT** share Confidential EMR Administrative Information within NGET outside the EMR Administrative Team except in accordance with defined procedures for sharing with persons carrying out EMR functions, and shared services
- **DO NOT** share Confidential EMR Administrative Information externally outside the EMR Administrative Team except in accordance with defined procedures for sharing with agents, contractors and advisors of NGET, Ofgem, Secretary of State, Auction Monitor and Low Carbon Contracts Company, for the purposes of preparing, amending and updating an annual capacity report and other EMR functions as consented by the Authority.
- **DO** ensure you are aware and comply with document and information system security policies for the secure receipt, storage, classification and sharing of Confidential EMR Administrative Information.
- **DO** sign and comply with the terms of the Confidentiality Undertaking for Administrative Team members
- **DO** ensure you are aware and comply with the policy for transfer of employees into or out of the EMR Administrative Team
- **DO** ensure that whilst you are a member of the EMR Administrative Team you are not simultaneously engaged in any other NGET activity (except NGET management team meetings; participating in company-wide improvement initiatives; recruitment activities; attending training, further education courses, team building events and conferences; and supporting company-wide performance management, employee engagement or reporting initiatives)
- **DO** ensure that you only operate from premises where access restrictions are in place to prevent people who

- aren't members of the EMR Administrative Team from entering and fully comply with the clear desk policy.
- **DO** maintain a list of persons to whom Confidential EMR Information has been disclosed, and ensure that information thus disclosed is clearly marked as "Confidential EMR Information"
  - **DO** ensure that you keep confidential any Confidential EMR Delivery Plan information provided for the purposes of advising the Secretary of State whether to adjust the demand curve and only use it for that purpose or other purposes as consented by Ofgem

**ONLY** disclose Confidential EMR Administrative Information and other Confidential EMR Information to approved members of the Confidential EMR Information Disclosure List in accordance with defined processes

### **NGET Employees working on the EMR Data Handling Team**

- **DO NOT** share Confidential EMR Delivery Plan information within NGET outside the Data Handling Team except in accordance with defined procedures for sharing with persons carrying out EMR functions, and shared services
- **DO NOT** share Confidential EMR Delivery Plan Information externally outside the Data Handling Team except in accordance with defined procedures for sharing with agents, contractors and advisors of NGET, for the purposes of adjusting the demand curve for a capacity auction and other EMR functions as consented by the Authority
- **DO** ensure you are aware and comply with document and information system security policies for the secure receipt, storage and anonymisation and aggregation of Confidential EMR Delivery Plan Information.
- **DO** sign and comply with the terms of the Confidentiality Undertaking for Data Handling Team members
- **DO** ensure you are aware and comply with the policy for transfer of employees into or out of the Data Handling Team
- **DO** maintain a list of persons to whom Confidential EMR Information has been disclosed, and ensure that information thus disclosed to is clearly marked as "Confidential EMR Information"
- **DO** ensure that you keep confidential any Confidential EMR Administrative information provided for the purposes of preparing or updating the annual capacity report and only use it for that purpose or other purposes as consented by Ofgem

**ONLY** disclose Confidential EMR Delivery Plan Information and other Confidential EMR Information with approved members of the Confidential EMR Information Disclosure List in accordance with defined processes .

### **NGET Employees on the Confidential EMR Information Disclosure List**

- **DO NOT** disclose Confidential EMR Information except as authorised by the EMR Team and only use such information for the purpose authorised at the time of disclosure .

### **All other National Grid Employees:**

- **DO NOT** try to obtain an unfair advantage by encouraging an employee of NGET to share Confidential EMR Information, Confidential EMR Delivery Plan Information, or Confidential EMR Administrative Information
- **DO NOTIFY** the Ethics & Compliance Manager immediately if you receive or have access to "Confidential EMR Information" and this has not been pre-authorised by the EMR Team

### **What should I do if I discover a breach?**

A non-compliance, whether deliberate or unintentional, should be immediately reported to the Ethics & Compliance Manager, Dianne Burke: Tel: 01926 656653 / Mobile: 07785 290158 or Phil Balfe, Licence Operations Manager, 07896 599196 if Dianne cannot be contacted for any reason.

Non-compliances can also be reported anonymously through the Business Conduct Helpline on 0800 328 7212.

If you need further guidance, in the first instance speak to your line manager or to a member of the SO Assurance Team or to a member of the Ethics & Compliance Team.

Version	Date	Description	Document Owner
1.0	August 2014	Draft EMR Code of Conduct	Ethics & Compliance
1.1	September 2014	EMR Code of Conduct	Ethics & Compliance
1.2	October 2014	Amendment to rules which apply to EMR Admin Team and EMR Data Handling team (in accordance with proposed licence change)	Ethics & Compliance
1.3	July 2015	Document updated to reflect changes directed to Special Condition 2N and effective from 15.03.2015.  Code of Conduct updated to include a Deputy to the EMR Compliance Officer, who should also be contacted in the event of a non compliance.	Ethics & Compliance



## Appendix 6 – Non Disclosure Agreements



### EMR Administrative Team Confidentiality Undertaking

THIS UNDERTAKING is given on

2017

BY: \_\_\_\_\_ of

\_\_\_\_\_  
(Full name)

\_\_\_\_\_  
(Full residential address)

\_\_\_\_\_  
"Employee")

**TO: National Grid Electricity Transmission plc** a company incorporated in England and Wales under registered number 2366977 having its registered office at 1-3 Strand, London WC2N 5EH (the "**Company**")

#### DEFINITIONS

"**Allocation Framework**" means any allocation framework made by the Secretary of State pursuant to section 13(2)(a) Energy Act

"**Authority**" means the Gas and Electricity Markets Authority

"**Balancing Services Activities**" has the meaning given in the Licence

"**Capacity Market Rules**" means rules made pursuant to section 34 of the Energy Act or by the Authority in accordance with the Electricity Capacity Regulations 2014

"**CEMRI**" means Confidential EMR Administrative Information as described in paragraph 1b below

"**CEMRI**" means Confidential EMR Information as described in paragraph 1a below

**“EMR”** means Electricity Market Reform

**“EMR Administrative Functions”** has the meaning set out in paragraph 1c below

**“EMRAT”** means EMR Administrative Team

**“EMR Compliance Statement”** means the statement established under Special Condition 2N of the Licence

**“EMR Functions”** means functions conferred on the Company by or by virtue of Chapter 2 (contracts for difference), Chapter 3 (capacity market) or Chapter 4 (investment contracts) of the Energy Act 2013

**“Energy Act”** means the Energy Act 2013

**“Group”** means the Company or one of the Company’s affiliates

**“Information”** means all information of whatever nature and in whatever form including, without limitation, in writing, orally, electronically and in a visual or machine-readable medium including CD ROM, magnetic and digital form

**“Licence”** means the electricity transmission licence granted to the Company under s6(1) Electricity Act 1989

**“Permitted Purpose”** has the meaning given in the Licence

**“Shared Services”** means shared corporate services as specified in the EMR Compliance Statement

**“Transmission Business”** has the meaning given in the Licence

## RECITALS

- A. The Employee is an employee of the Group and will have access to certain confidential information that the Company will receive as a result of its EMR Functions.

- B. Special Condition 2N of the Licence sets out the Company's obligations as to its conduct in performing its EMR Functions.
- C. Special Condition 2N.7 of the Licence requires the Company to establish an EMRAT
- D. Special Condition 2N.9(a) of the Licence requires each member of EMRAT to sign a non-disclosure agreement in a form agreed with the Authority
- E. This deed of Undertaking constitutes the agreement referred to in D above

The Employee undertakes and agrees to keep CEMRI confidential on the following terms.

## **OPERATIVE PROVISIONS**

1. In this undertaking:
  - a. CEMRI means all Information (including for the avoidance of doubt CEMRAI) disclosed to or acquired in any way (and whether directly or indirectly) by the Company or any of its agents or representatives by virtue of the performance of EMR Functions by the Company, but excluding:
    - i. all Information that is in or has entered the public domain otherwise than as a direct or indirect consequence of any breach of the Licence;
    - ii. all Information which the Company can demonstrate was lawfully in its written records prior to the date of disclosure of the same by the owner of the CEMRI or which it received from a third party independently entitled to disclose it; and
    - iii. all Information properly received in the usual course of the Company's activities pursuant to paragraphs (a) to (c) (inclusive) of Permitted Purpose

- b. CEMRAI means CEMRI disclosed to or acquired by the Company by virtue of its role in performing EMR Administrative Functions
  - c. EMR Administrative Functions means any functions conferred on the Company by or by virtue of:
    - i. The Electricity Capacity Regulations 2014, but excluding any functions conferred by or by virtue of Part 3 of those regulations
    - ii. Capacity Market Rules
    - iii. The Contracts for Difference Allocation Regulations 2014
    - iv. Allocation Framework
2. The Employee is a member of EMRAT and undertakes to the Company not to disclose CEMRAI to anyone who is not a member of EMRAT unless:
- a. All reasonable endeavours have been taken to ensure that it is not possible for the source or owner of the CEMRAI to be identified; or
  - b. Permitted by paragraph 8A of Special Condition 2N of the Licence
3. The Employee further undertakes to the Company to:
- a. keep all CEMRI confidential;
  - b. ensure that all CEMRI is not directly or indirectly disclosed to any other person save as permitted by paragraph 4;
  - c. not use any CEMRI for any purpose other than:
    - i. performing the EMR Functions;
    - ii. carrying out the Balancing Services Activities;

- iii. any other purpose for which the Company has obtained prior written consent from the Authority or which is specified in the EMR compliance statement; or
- iv. as permitted by regulation 65 of the Electricity Capacity Regulations 2014

Provided that CEMRAI shall not be used for the purposes set out in (ii) and (iii) above unless all reasonable endeavours have been taken to ensure that it is not possible for the source or owner of the CEMRAI to be identified; and

- d. except as set out in c. above and paragraph 4 below ensure that CEMRI is not disclosed to the Company's Transmission Business, any other business of the Company or to any other Group company.

4. CEMRI may be disclosed:

- a. Where disclosure of CEMRI is required by a requirement of law or regulation or by rules or regulations made by the Department of Energy or Climate Change (or any successor body) or by the Authority;
- b. Where disclosure of CEMRI is authorised in advance in writing by the Authority or the person to whom such CEMRI relates;
- c. Where disclosure is required to enable another body or person to exercise functions conferred on them by Chapters 2,3, and 4 of Part 2 of the Energy Act 2013;
- d. Where disclosure is permitted by regulation 65 of the Electricity Capacity Regulations 2014 ;
- e. Where disclosure is to employees, agents, contractors and advisers of the Company to the extent that such disclosure is required to enable the Company to perform its EMR Functions; or

f. Where disclosure is to persons engaged in, or in respect of Shared Services to the extent necessary to enable them to perform their respective functions.

5. The undertakings and acknowledgements contained herein are for the benefit of the Company and a person who is not a party to this undertaking shall have no right to enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 or otherwise.

6. This undertaking is governed by and subject to the laws of England. The Employee agrees that any claim or dispute arising out of or in connection with this undertaking will be subject to the jurisdiction of the English courts.

**Executed and delivered as a DEED**

by the Employee in the presence of:

Signature of Employee

Signature of Witness

Name of Employee

Name of Witness

**EMR Data Handling Team Confidentiality  
Undertaking**

**THIS UNDERTAKING** is given on

2017

**BY:** \_\_\_\_\_ of

\_\_\_\_\_  
(Full name)

\_\_\_\_\_  
(Full residential address)

\_\_\_\_\_  
(the  
"Employee")

**TO: National Grid Electricity Transmission plc** a company incorporated in England and Wales under registered number 2366977 having its registered office at 1-3 Strand, London WC2N 5EH (the "**Company**")

**DEFINITIONS**

"**Allocation Framework**" means any allocation framework made by the Secretary of State pursuant to section 13(2)(a) Energy Act

"**Authority**" means the Gas and Electricity Markets Authority

"**Balancing Services Activities**" has the meaning given in the Licence

"**Capacity Market Rules**" means rules made pursuant to section 34 of the Energy Act or by the Authority in accordance with the Electricity Capacity Regulations 2014

"**CEMRDPI**" means Confidential EMR Delivery Plan Information as described in paragraph 1b below

"**CEMRI**" means Confidential EMR Information as described in paragraph 1a below

**“EMR”** means Electricity Market Reform

**“EMR Compliance Statement”** means the statement established under Special Condition 2N of the Licence

**“EMR Data Handling Functions”** has the meaning set out in paragraph 1c below

**“EMR Functions”** means functions conferred on the Company by or by virtue of Chapter 2 (contracts for difference), Chapter 3 (capacity market) or Chapter 4 (investment contracts) of the Energy Act 2013

**“Energy Act”** means the Energy Act 2013

**“Group”** means the Company or one of the Company’s affiliates

**“Information”** means all information of whatever nature and in whatever form including, without limitation, in writing, orally, electronically and in a visual or machine-readable medium including CD ROM, magnetic and digital form

**“Licence”** means the electricity transmission licence granted to the Company under s6(1) Electricity Act 1989

**“Permitted Purpose”** has the meaning given in the Licence

**“Shared Services”** means shared corporate services as specified in the EMR Compliance Statement

**“Transmission Business”** has the meaning given in the Licence

## RECITALS

- A. The Employee is an employee of the Group and will have access to certain confidential information that the Group will receive as a result of its EMR Functions;
- B. Special Condition 2N of the Licence sets out the Company’s obligations as to its conduct in performing its EMR Functions.



- C. Special Condition 2N.5 of the Licence requires the Company to establish an EMRDHT
- D. Special Condition 2N.6(b)(i) of the Licence requires each member of EMRDHT to sign a non-disclosure agreement in a form agreed with the Authority
- E. This deed of Undertaking constitutes the agreement referred to in D above

The Employee undertakes and agrees to keep CEMRI confidential on the following terms.

## **OPERATIVE PROVISIONS**

1. In this undertaking:

- a. CEMRI means all Information (including for the avoidance of doubt CEMRDPI) disclosed to or acquired in any way (and whether directly or indirectly) by the Company or any of its agents or representatives by virtue of the performance of EMR Functions by the Company, but excluding:
  - i. all Information that is in or has entered the public domain otherwise than as a direct or indirect consequence of any breach of the Licence;
  - ii. all Information which the Company can demonstrate was lawfully in its written records prior to the date of disclosure of the same by the owner of the CEMRI or which it received from a third party independently entitled to disclose it; and
  - iii. all Information properly received in the usual course of the Company's activities pursuant to paragraphs (a) to (c)(inclusive) of Permitted Purpose
- b. CEMRDPI means CEMRI which comprises either:

- i. Information on the costs of low carbon electricity generation technologies; or
- ii. Information, the unauthorised disclosure of which would be adverse to the commercial interests of the Information provider; in each case, where such Information is:
- iii. disclosed to or acquired by the Company by virtue of its role in performing EMR Data Handling Functions; and specific to an individual energy industry participant, plant, facility, generating station or generation set, or the owner or operator thereof.

c. EMR Data Handling Functions means the data anonymisation and data aggregation functions which shall be performed in order to achieve the objective specified in paragraph 6(a) of Special Condition 2N of the Licence being the use of all reasonable endeavours to ensure that, when CEMRDPI is presented to a person who is not a member of EMRDHT, it is not possible to identify the generation set, or the owner or operator thereof, which is the subject of that CEMRDPI.

2. The Employee is a member of EMRDHT and undertakes to the Company not to disclose CEMRDPI to anyone who is not a member of EMRDHT unless:

- a. All reasonable endeavours have been taken to ensure that it is not possible for the source or owner of the CEMRDPI to be identified; or
- b. Permitted by Paragraph 6A of Special Condition 2N of the Licence.

3. The Employee further undertakes to the Company to:

- a. keep all CEMRI confidential;

- b. ensure that all CEMRI is not directly or indirectly disclosed to any other person save as permitted by paragraph 4;
- c. not use any CEMRI for any purpose other than:
  - i. performing the EMR Functions;
  - ii. carrying on the Balancing Services Activities;
  - iii. any other purpose for which the Company has obtained prior written consent from the Authority or which is specified in the EMR compliance statement; or
  - iv. as permitted by regulation 65 of the Electricity Capacity Regulations 2014

Provided that CEMRDPI shall not be used for the purposes set out in (ii) and (iii) above unless all reasonable endeavours have been taken to ensure that it is not possible for the source or owner of the CEMRDPI to be identified; and

- d. except as set out in c. above and paragraph 4 below ensure that CEMRI is not disclosed to the Company's Transmission Business, any other business of the Company or to any other Group company;

4. CEMRI may be disclosed:

- a. Where disclosure of CEMRI is required by a requirement of law or regulation or by rules or regulations made by the Department of Energy or Climate Change (or any successor body) or by the Authority;
- b. Where disclosure of CEMRI is authorised in advance in writing by the Authority or the person to whom such CEMRI relates;

- c. Where disclosure is required to enable another body or person to exercise functions conferred on them by Chapters 2,3, and 4 of Part 2 of the Energy Act 2013;
- d. Where disclosure is permitted by regulation 65 of the Electricity Capacity Regulations 2014;
- e. Where disclosure is to employees, agents, contractors and advisers of the Company to the extent that such disclosure is required to enable the Company to perform its EMR Functions; or
- f. Where disclosure is to persons engaged in, or in respect of Shared Services to the extent necessary to enable them to perform their respective functions.

5. The undertakings and acknowledgements contained herein are for the benefit of the Company and a person who is not a party to this undertaking shall have no right to enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 or otherwise.

6. This undertaking is governed by and subject to the laws of England. The Employee agrees that any claim or dispute arising out of or in connection with this undertaking will be subject to the jurisdiction of the English courts.

**Executed and delivered as a DEED**

by the Employee in the presence of:

Signature of Employee

Signature of Witness

Name of Employee

Name of Witness

## Appendix 7

To be signed by employees who are in receipt of CEMRI pursuant to Special Condition 2N.13A (a) or (b) in accordance with 2N.13A (ii) and employees in receipt of CEMRI pursuant to Special Condition 2N.12(c)

**THIS ACKNOWLEDGEMENT OF CONFIDENTIALITY** is given in accordance with Special Condition 2N. of the Licence on [2017]

**BY:** [ ](the “**Employee**”)

**TO: National Grid Electricity Transmission plc** a company incorporated in England and Wales under registered number 2366977 having its registered office at 1-3 Strand, London WC2N 5EH (the “**Company**”)

### DEFINITIONS

“**Authority**” means the Gas and Electricity Markets Authority

“**Balancing Services Activity**” has the meaning given in the Licence

“**Code of Conduct**” means the code of conduct established by the Company in accordance with Special Condition 2N of the Licence

“**CEMRI**” means all Information disclosed to or acquired in any way (and whether directly or indirectly) by the Company by virtue of the performance of EMR Functions by the Company but excluding:

- i. all Information that is in or has entered the public domain otherwise than as a direct or indirect consequence of any breach of the Licence; and
- ii. all Information which the Company can demonstrate was lawfully in its written records prior to the date of disclosure of the same by the owner of the Information or which it received from a third party independently entitled to disclose it.

“**EMR**” means Electricity Market Reform

**“EMR Functions”** means functions conferred on the Company by or by virtue of Chapter 2 (contracts for difference), Chapter 3 (capacity market) or Chapter 4 (investment contracts) of the Energy Act 2013

**“Future Energy Scenarios”** means the future scenarios prepared by the Company pursuant to Condition C11(Production of information about the electricity transmission system) of the Licence

**“Information”** means all information of whatever nature and in whatever form including, without limitation, in writing, orally, electronically and in a visual or machine-readable medium including CD ROM, magnetic and digital form

**“Licence”** means the electricity transmission licence granted to the Company under s6(1)(b) Electricity Act 1989

**“Purpose”** has the meaning given in Recital C below

**“Shared Services”** means the shared corporate services specified in Appendix 1

## RECITALS

- A. The Company has received CEMRI by virtue of performing EMR Functions.
- B. The Employee is engaged by the Company to perform a role for the Company or to provide a Shared Services function to the Company.
- C. In performing this role or providing this Shared Services function to the Company it has been identified that the Employee will need access to CEMRI
  - (i) in order to enable the Company to perform its EMR Functions,
  - (ii) for the purposes of carrying on the Balancing Services Activity,
  - (iii) for the purposes of the production of the Future Energy Scenarios and the development of demand and generation scenarios,
  - (iv) for any other purpose for which the Company has obtained prior written consent from the Authority or

(v) to enable the Employee to perform his / her respective Shared Services function (the "Purpose").

- D. The Company has obligations under its Licence as to its conduct in performing its EMR Functions including a requirement to maintain the confidentiality of CEMRI.
- E. As the Employee will need access to CEMRI for the Purpose the Employee is required to give this acknowledgement of confidentiality to ensure that the Company can meet its obligations under Special Conditions 2N.12 and 2N.13A of its Licence.

1. The Employee acknowledges and agrees to:

- a. keep all CEMRI disclosed to him/ her confidential;
- b. ensure that all CEMRI disclosed to him / her is not directly or indirectly disclosed to or discussed with any person (including other employees of the Company or its affiliates) without the prior written consent of the Company;
- c. not to use any CEMRI other than for the Purpose;
- d. not to make copies (whether electronic or paper or any other form) of CEMRI, except as necessary for the Purpose;
- e. only hold the CEMRI for such period as is necessary for the Purpose; and
- f. comply with the Code of Conduct at all times.

2. Disclosure of CEMRI other than as permitted under the Licence may constitute a breach of the Licence and lead to the possibility of enforcement action by the Authority. Accordingly any accidental or inadvertent disclosure should be reported immediately to the Ethics and Compliance Manager. Deliberate misuse or wrongful disclosure of CEMRI is a disciplinary offence.

Signed by the **Employee**

Signature:

Print Full Name:

Job Title:

Date:

### Appendix 1

#### Shared Services

- Finance
- Human Resources
- Business Development
- Legal
- IS
- Regulation & Government Affairs
- Procurement & Logistics
- Planning and Environment
- Public Relations
- Health & Safety
- Audit
- Insurance
- Tax
- Property Management
- Transactional Finance
- Transactional Human Resources
- Facilities Management
- Services provided by Construction



To be given by contractors and advisers who are in receipt of CEMRI pursuant to Special Condition 2N.13A (a) in accordance with 2N.13A (ii)

**THIS UNDERTAKING** is given on [2017]

**BY:** [ ](the “**Contractor**”)

**TO: National Grid Electricity Transmission plc** a company incorporated in England and Wales under registered number 2366977 having its registered office at 1-3 Strand, London WC2N 5EH (the “**Company**”)

#### **DEFINITIONS**

“**Authority**” means the Gas and Electricity Markets Authority;

“**CEMRI**” means all Information disclosed to or acquired in any way (and whether directly or indirectly) by the Company by virtue of the performance of EMR Functions by the Company but excluding:

- i. all Information that is in or has entered the public domain otherwise than as a direct or indirect consequence of any breach of this undertaking or of the Licence; and
- ii. all Information which the Company can demonstrate was lawfully in its written records prior to the date of disclosure of the same by the Company or which it received from a third party independently entitled to disclose it;

“**Contract**” means the terms of engagement entered into by the Contractor and [the Company / National Grid UK Ltd]; ***delete as appropriate***

“**EMR**” means Electricity Market Reform;

**“EMR Functions”** means functions conferred on the Company by or by virtue of Chapter 2 (contracts for difference), Chapter 3 (capacity market) or Chapter 4 (investment contracts) of the Energy Act 2013;

**“Information”** means all information of whatever nature and in whatever form including, without limitation, in writing, orally, electronically and in a visual or machine-readable medium including CD ROM, magnetic and digital form;

**“Licence”** means the electricity transmission licence granted to the Company under s6(1)(b) Electricity Act 1989; and

**“Relevant Employee”** means a partner, employee or contractor of the Contractor who will have access to CEMRI by virtue of the Contract and pursuant to the terms of this undertaking.

#### RECITALS

- A. The Contractor has agreed to provide services to [the Company / National Grid UK Ltd]; ***delete as appropriate.***
- B. Pursuant to the Contract, the Company has appointed the Contractor to perform services and provide advice. The Contract contains provisions in respect of confidentiality of information. In performing these services and providing this advice to the Company it has been identified that the Contractor will need access to CEMRI in order to enable the Company to perform its EMR Functions. The Company has received this information by virtue of performing EMR Functions;
- C. The Company has obligations under its Licence as to its conduct in performing its EMR Functions including a requirement to maintain the confidentiality of CEMRI;
- D. In performing services and providing advice to the Company the Contractor and Relevant Employees of the Contractor will need access to CEMRI in order to enable the Company to perform its EMR Functions and the Contractor has agreed to provide a further undertaking to the Company to ensure that the Company can meet its obligations under its Licence; and

E. This deed of Undertaking constitutes the agreement referred to in recital D above.

## **OPERATIVE PROVISIONS**

1. The Contractor on behalf of itself and of its Relevant Employees undertakes to the Company, unless the exception in paragraph 2 below applies, to:
  - a. keep all CEMRI disclosed to it confidential;
  - b. ensure that all CEMRI disclosed to it is not directly or indirectly disclosed to any person (including employees of the Company or its affiliates) without the prior written consent of the Company;
  - c. not to use CEMRI for any purpose other than performing services and providing advice pursuant to the Contract in order to enable the Company to perform its EMR Functions;
  - d. not to make copies (whether electronic or paper or any other form) of CEMRI, except as necessary for the purposes of providing advice pursuant to the Contract in order to enable the Company to perform its EMR Functions; and
  - e. to return all CEMRI to the Company on completion of the services and advice that required the disclosure of the CEMRI to the Contractor.
  
2. The exception referred to in paragraph 1 above is where disclosure of CEMRI is required by a requirement of law or regulation or by rules or regulations made by the Department of Energy or Climate Change (or any successor body) or by the Authority. In the event that this paragraph 2 applies the Contractor will, to the extent permitted by law, consult the Company before disclosure of any CEMRI and make the disclosure in the form agreed with the Company.

3. The Contractor will obtain acknowledgement in writing from each Relevant Employee that he / she has read and understands the terms of this undertaking and the obligations hereunder to keep CEMRI confidential.
4. The Contractor acknowledges that a breach of this undertaking by any Relevant Employee may, at the Company's sole discretion, be treated as a fundamental breach of Contract.
5. The undertakings and acknowledgements contained herein are for the benefit of the Company and a person who is not a party to this undertaking shall have no right to enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 or otherwise.
6. This undertaking is governed by and subject to the laws of England. The Contractor agrees that any claim or dispute arising out of or in connection with this undertaking will be subject to the jurisdiction of the English courts.

Executed and delivered as a  
Deed

By the **Contractor**

Signed:

Full name:

In the presence of:

By the **Company**

The Company Seal of **National  
Grid Electricity Transmission  
Plc** is affixed hereto  
In the presence of:

Signature

Member of the Board Sealing  
Committee

## Appendix 8 – Minimum Postings applicable to the EMR Administrative Team

	Category	Minimum Posting Period	Cooling off period			Comment
			To other NGET	To Associates of NGET other than ROCB	To ROCB	
1	Core EMR Administrative team (includes both CfD and CM)	3 mths	None	None	3 mths	Time spent in EMR Project team and in existing pre go-live admin teams count towards minimum posting. There will be periods when knowledge is more or less critical and cooling off periods may be varied in individual cases subject to approval of Compliance Officer
2	Peak EMR Administrative team	2 wks	None	None	3 mths	Sourced only from SO and will usually return to the SO but may be sourced from other parts of National Grid (excluding ROCB) or externally to National Grid, subject to the approval of the EMR CO. If return is to other than the SO the Compliance Officer will determine the requisite cooling off period
3	Graduate trainees	4 mths	None	None	4 mths	Placements are usually 6 mths – 4 mths proposed to allow for exceptions. A minimum of 4 months cooling off period will be required before a subsequent placement to a ROCB
4	Company leavers	N/A	N/A	N/A	N/A	Will be reminded of continuing obligations under NDA. May be held to full notice period (usually 3 months management grades, 1 month staff grades) if new employer has potential interest in Confidential EMR Information