

STC Initial Modification Report		At what stage is this document in the process?
<p>CM072: STC changes in the event the UK leaves the EU without an agreement</p>		<div style="display: flex; flex-direction: column; align-items: center;"> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; background-color: #00a651; color: white; border-radius: 5px;">01 Initial Modification Report</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; border-radius: 5px;">02 Industry Consultation</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; border-radius: 5px;">03 Draft Modification Self-Governance Report</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; border-radius: 5px;">04 Final Self-Governance Modification Report</div> </div>
<p>Purpose of Modification: This proposal seeks to ensure that retained EU law will function effectively in the context of the STC. In the event the United Kingdom leaves the European Union without an agreement, it will ensure that the STC takes into account the provisions in the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018 as well as relevant consequential licence modifications.</p>		
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> subject to self-governance proceed to Consultation <p>This modification was raised <i>19 February 2019</i> and will be presented by the Proposer to the Panel on <i>27 February 2019</i>. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
	<p>High Impact: None</p>	
	<p>Medium Impact: None</p>	
	<p>Low Impact: Minimal impact on all STC parties</p>	

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Timetable		 07976 940 855
The Code Administrator recommends the following timetable:		Proposer: Sophie van Caloen
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The Code Administrator recommends the following timetable:	
Modification Proposal issued to the STC Panel	19 February 2019
Panel Agree that CM072 should procedure using the Self-Governance route	27 February 2019
Issue Industry Consultation for 10 Workings Days	1 March 2019
Industry Consultation closes	15 March 2019
Issue Draft Self-Governance Modification Report to industry and the Authority for 5 Working Days	19 March 2019
Draft Self-Governance Modification Report issued to the STC Panel	19 March 2019
Panel Self-Governance vote	27 March 2019/1 April 2019
Appeal Window commences for 15 Working Days	1 April 2019
Appeal Window closes	24 April 2019
Implementation (1 working days following closure of appeal window)	25 April 2019

Proposer Details

<p>Details of Proposer: (Organisation Name)</p>	National Grid Electricity System Operator
<p>Capacity in which the STC Modification Proposal is being proposed: (i.e. STC Party, Party Representative or person or persons having a relevant interest as may be designated in writing for this purpose by the Authority)</p>	GB System Operator
<p>Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:</p>	<p>Sophie van Caloen National Grid ESO 07790 947180 Sophie.vancaloen@nationalgrid.com</p>
<p>Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:</p>	<p>Mike Oxenham National Grid ESO 07554 413864 Michael.Oxenham1@nationalgrid.com</p>
<p>Attachments: No</p>	

Impact on Core Industry Documentation.

BSC	<input type="checkbox"/>
Grid Code	<input type="checkbox"/>
CUSC	<input type="checkbox"/>
Other	<input type="checkbox"/>

It is understood that other GB frameworks will require revision in the event the UK leaves the EU without an agreement. Modifications have been raised at the CUSC and

Grid Code panels at the same time as this modification. However, this modification is not interactive with any proposal for changes to other GB frameworks.

1 Summary

Defect

In the event the UK leaves the EU without an agreement, the STC needs to be amended to ensure the provision in the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018 as well as relevant consequential licence modifications will function effectively in the context of STC.

What

The STC contains a small number of references to EU Regulations and EU entities that require revision. The proposed modifications will ensure that the STC is aligned with retained EU law and licence obligation, in the event of 'no deal' and from 'Exit Day'.

Why

In an absence of agreements concerning the UK's withdrawal from the EU and future trade and political relationship with the EU ('no deal'), from Exit Day, EU Regulations will no longer be directly applicable in the UK. In addition, EU entities will no longer have a part to play in the creation of UK policy and legislation.

The approach specified in the European Union (Withdrawal) Act 2018 is to incorporate EU law into UK law (where possible). The UK Government has published statutory instruments with the aim of correcting or removing inoperable provisions of EU Regulations, relevant to the electricity industry, such that they reflect the UK no longer being an EU Member State. The Authority is also proceeding with a statutory consultation on consequential licence modifications.

How

It is proposed to modify existing references to EU Regulations with appropriate references. The objective being that the references appropriately reflect the changes as foreseen in the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018.

2 Governance

Justification for Self-Governance Procedures

Application of Self-Governance procedures is sought because the modification is unlikely to discriminate between different STC Parties and is unlikely to have a material effect on:

- i) Existing or future electricity customers;
- ii) Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity,

- iii) The operation of the National Electricity Transmission System
- iv) Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies
- v) The STC Panel's governance procedures or the STC Panel's modification procedures

The Proposal follows the principle of minimal changes required to ensure continued operability of the prevailing STC arrangements and minimise disruption in the UK's energy market following Exit Day.

Requested Next Steps

This modification should:

- be subject to self-governance
- proceed directly to an Industry consultation for a period of ten working days

As set out above the changes proposed in this modification proposal are not considered material, therefore the proposed changes should be suitable for Self-Governance procedures and not require development by a work group.

3 Why change

The STC contains a small number of references to EU Regulations and EU entities. These were introduced as a consequence of the integration of the UK into the EU Internal Energy Market (IEM) and more specifically in order to comply with a number of EU Regulations, which were directly applicable in UK Law.

Following the outcome of a referendum on UK membership of the EU on 23 June 2016, the UK government notified its intention to leave the EU in March 2017 (as permitted by Article 50 of the Treaty on European Union). This departure will become effective on 'Exit Day' (currently legislated for 23:00 on 29 March 2019). In the absence of agreements concerning the UK's withdrawal from the EU ('no deal'), from Exit Day, EU Regulations will no longer be directly applicable in the UK and EU entities will no longer have a part to play in the creation of UK policy and legislation.

The approach specified in the European Union (Withdrawal) Act 2018 is to incorporate EU law into UK law (where possible). The UK Government has published statutory instruments with the aim of correcting or removing inoperable provisions of EU Regulations, relevant to the electricity industry, such that they reflect the UK no longer being an EU Member State. The Authority is also proceeding with a statutory consultation on consequential licence modifications.

As a consequence, the STC needs to be changed so that the references appropriately reflect this change in approach.

Should a Withdrawal Agreement between the UK and the EU be concluded and take effect from Exit Day, this Modification in this form and timescale will no longer be required.

4 Code Specific Matters

Technical Skillsets

Knowledge of EU Exit principles.

Reference Documents

[European Union \(Withdrawal\) Act 2018](#)

[The Electricity and Gas etc. \(Amendment etc.\) \(EU Exit\) Regulations 2019](#)

[The Electricity Network Codes and Guidelines \(Markets and Trading\) \(Amendment\) \(EU \(EU Exit\) Regulations 2019](#)

[The Electricity Network Codes and Guidelines \(System Operation and Connection\) \(Amendment etc.\) \(EU Exit\) Regulations 2019](#)

[The Electricity and Gas \(Market Integrity and Transparency\) \(Amendment\) \(EU Exit\) Regulations 2019](#)

[Statutory Consultation on licence modification in the event the UK leaves the EU without a deal](#)

5 Solution

In section J (interpretation and definitions), it is proposed to update some definitions where there are references to EU legislation or EU entities.

It is also proposed to add a definition on “Legally Binding Decisions of the European Commission and/or the Agency”, aligned with the modification proposed in the statutory consultation of the licence. In the event the UK leaves the EU without an agreement, future decisions of the Commission and the Agency will no longer have any legal effect in the UK. However, decisions made prior to “Exit Day” are to continue to have effect.

In section B (Governance), some reformatting is proposed to reflect the new definition.

In section C (Transmission Services and Operations), it is proposed to update the reference to EU legislation.

Proposed legal text has been added to section 9 of this proposal form.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None

Consumer Impacts

None

7 Relevant Objectives

Relevant Objective	Identified impact
(a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act	Positive
(b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission	None
(c) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity	None
(d) protection of the security and quality of supply and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees	None
(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.	None
(f) facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;	None
(g) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.	None

These changes will positively impact objective (a) as they will ensure references to EU regulations and EU entities are modified to reflect the changes as foreseen in the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018.

8 Implementation

No implementation costs are associated with this Modification.

No implementation timescales are set out or proposed, although implementation of this modification would be sought as soon as practicable following the UK's exit from the EU, in the event the UK leaves the EU without an agreement. However, implementation is specifically dependent upon the implementation of the relevant Statutory Instruments that have been prepared under the European Union (Withdrawal) Act 2018 as well as

relevant consequential licence modifications and so implementation of this proposal should align with the Statutory Instruments and licence modifications.

If the Self-Governance route is approved, then the Code Administrator proposes that the modification should be implemented one working day following the closure of the appeal window.

9 Legal Text

The legal text below has been drafted on the current STC as of 19 February 2019.

SECTION B - GOVERNANCE
7.1.3A Amendments to The Code and Code Procedures may be in response to a Significant Code Review or the Electricity Regulation and/or any relevant Legally Binding Decisions of the European Commission and/or the Agency legally binding decisions of the European Commission and/or the Agency , as provided for in the Transmission Licence.
7.1.3B (a) A STC Modification Proposal may be a Standard STC Modification Proposal, or it may be subject to additional process steps, if raised during a Significant Code Review, or it may be raised pursuant to paragraph 7.1.10.1 where the Authority reasonably considers that such STC Modification Proposal is necessary to comply with or implement the Electricity Regulation and/or any relevant Legally Binding Decisions of the European Commission and/or the Agency legally binding decisions of the European Commission and/or the Agency .
7.1.10.1 The Authority may: (a) itself; or (b) direct a Party to raise a STC Modification Proposal that is in respect of a Significant Code Review and/or where the Authority reasonably considers that such STC Modification Proposal is necessary to comply with or implement the Electricity Regulation and/or any relevant Legally Binding Decisions of the European Commission and/or the Agency legally binding decisions of the European Commission and/or the Agency .
7.1.10.8 In relation to any STC Modification Proposal raised by a Party other than pursuant to Paragraph 7.1.10.1, where the Authority reasonably considers such STC Modification Proposal to be necessary to comply with or implement the Electricity Regulation and/or any relevant Legally Binding Decisions of the European Commission and/or the Agency legally binding decision of the European Commission and/or the Agency .

SECTION C - TRANSMISSION SERVICES AND OPERATIONS
4.5A As a part of, or otherwise at the same time as, notice to NGET under paragraph 4.5, an Offshore Transmission Owner shall provide NGET with all of the necessary information required in order to fulfil its reporting obligations under Retained EU Law Article 10.1c of European Commission Regulation No. 543/2013 within the required

timescales (i.e. as soon as possible but no later than one hour after the change in actual availability) in accordance with STCP 02-1 (Alarm & Event Management).

SECTION J - INTERPRETATION AND DEFINITIONS

"**Competent Authority**" the Secretary of State, the Authority and any local or national agency, authority, department, inspectorate, minister (including Scottish ministers), ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom ~~or the European Community~~;

"Legally Binding Decisions of the European Commission and/or the Agency" means any relevant legally binding decision or decisions of the **European Commission** and/or the **Agency**, but a binding decision does not include a decision that is not, or so much of a decision as is not, **Retained EU Law**;

"Retained EU Law" has the same meaning as that given by section 6(7) of the European Union (Withdrawal) Act 2018.

"Significant Code Review" means a review of one or more matters which the Authority considers is likely to: (a) relate to the Code (either on its own or in conjunction with other industry codes); and (b) be of particular significance in relation to its principal objective and/or general duties (under section 3A of the Act), statutory functions ~~and/or relevant obligations arising under EU law~~, and concerning which the Authority has issued a notice to a Party or the Parties (among others, as appropriate) stating: (i) that the review will constitute a significant code review; (ii) the start date of the significant code review; and (iii) the matters that will fall within the scope of the review;

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Self Governance procedures should apply
- Issue this modification directly to Consultation for ten working days