

## STCP Modification Proposal Form (System Operator – Transmission Owner Code)

# PM0115:

Amendments to STCP13-1 'Invoicing and Payment' Clause 3.2 - Changes to TO Site Specific Charges

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Initial STCP Modification Proposal Form

**Purpose of Modification:** This proposal seeks to decrease the formal notice period needed by the ESO - from three months to one month - for the Onshore Transmission Owners to amend their Site Specific Charges forecast within year.



**The Proposer recommends that this modification should be:**

- Implemented following Panel approval.

This modification was raised 4 August 2020 and will be presented by the Proposer to the Panel on 26 August 2020. The Panel will consider the Proposer's recommendation and determine the appropriate route.



**High Impact:** National Grid Electricity System Operator (NGESO)



**Medium Impact:** The Onshore Transmission Owners (TOs)



**Low Impact:** None

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## Timetable

The Code Administrator recommends the following timetable:

Proposal Form Submitted to Code Administrator for review	4 August 2020
Proposal form submitted to STC Panel Secretary	18 August 2020
STCP's are presented and approved by the Panel	26 August 2020
Sign off	26 August 2020
Implementation	1 September 2020



Any questions?

Contact:

Code Administrator



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**Details of Proposer:**  
(Organisation Name)

National Grid Electricity Transmission (NGET)

<p>Capacity in which the STC Modification Proposal is being proposed:</p> <p style="text-align: center;">(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>	<p>STC Party</p>
<p><b>Details of Proposer's Representative:</b></p> <p style="text-align: center;">Name: Richard Woodward</p> <p style="text-align: center;">Organisation: NGET</p> <p style="text-align: center;">Email Address: <a href="mailto:Richard.Woodward@nationalgrid.com">Richard.Woodward@nationalgrid.com</a></p> <p style="text-align: center;">Telephone Number: 07964 541743</p>	
<p><b>Details of Representative Alternative:</b></p> <p style="text-align: center;">Name: TBC</p> <p style="text-align: center;">Organisation: NGET</p> <p style="text-align: center;">Email Address:</p> <p style="text-align: center;">Telephone Number:</p>	
<p><b>Attachments (Yes/No):</b></p> <p><b>If Yes, Title and No. of pages of each Attachment:</b></p>	

**Impact on Core Industry Documentation.**  
*Please mark the relevant boxes with an "x" and provide any supporting information*

<b>BSC</b>	
<b>Grid Code</b>	
<b>CUSC</b>	
<b>Other</b>	

This modification has no impact on core industry documentation.

# 1 Summary

## Defect

The notice period for providing amendments to Site Specific Charges, typically for new Post Vesting connections, is currently three months.

This timeline causes the Onshore TOs to have to anticipate the conclusions of precise on-site activities months in advance. Where commissioning activities do not conclude as predicted, retrospective revenue corrections are required at least three months later.

Alternatively, the TOs need to defer commencing charging until there is absolute certainty that commissioning has concluded, causing a three-month period of under-recovery which also needs correcting.

Either way, this time lag results in a forecast mismatch between the Onshore TO and the ESO requiring revenue corrections. The preference of the proposer is that Site Specific Charges forecasts are as accurate as possible at all times, so that the Onshore TO and the ESO are not subject to adverse revenue issues due to over or under-recovery risk.

## What/How

Amend STCP13-1 clause 3.2.2 to require a **one** month notice period (from the current three months' notice period) allowing the Onshore TOs greater flexibility to adjust their forecasts to avoid significant forecast mismatch corrections within year, or into new Charging Years.

*It is noted that there is some differentiation amongst the Onshore TOs in respect of how Site Specific Charge forecasting is done, and how any corrections for mismatches are dealt with. This proposal will not lead to a change in any pre-existing arrangements other Onshore TOs or the ESO currently have for this process. It merely provides an increased level of optional frequency for re-forecasting which can be utilised if necessary.*

## Why

The trigger for the Onshore TOs to be able to start charging for new Post Vesting connections (Site Specific Charges) is the successful conclusion of on-site commissioning activities with Users.

Commissioning programs by their very nature are complex, and are often subject to unforeseen delays due to very specific reasons which often cannot be reasonably anticipated three months' ahead. The inflexibility of the STPC13-1 3.2.2 provision leads to an inefficient process – primarily the need for multiple or aggregate retrospective revenue corrections.

The ESO themselves have a separate trigger to initiate customer charging via CUSC arrangements, based on the timings for their Grid Code Compliance regime. Therefore, whilst the prompt of an Onshore TO Site Specific Charge re-forecast is helpful, it does

not appear essential for the ESO to initiate the corresponding charging process with end customers.

In respect of the ESO needing advance notice to make provision for credit cover for any increase in Onshore TO Site Specific Charge income (*if* the forecast change is an addition not a removal), the sums involved are unlikely to be material in relation to the provision needed to cover their Transmission usage charges (c. £3bn+ per annum).

In any case, an Onshore TO Site Specific Charge re-forecast should be backed up by a corresponding customer charge via CUSC, assuming the above Grid Code process occurs in alignment. If this is not the case, the ESO should investigate why this is the case, and consider amendments to STCP13-1 that cover off this risk.

## 2 Governance

Section B 7.3 states amendments for an STCP need approval from the STC Modification Panel. The Proposer recommends that this modification should be approved and implemented in line with the timetable.

## 3 Why Change?

As per 'Why' above.

## 4 Impacts & Other Considerations

The ESO needs to verify the points made above re. credit provision for new additions, and trigger to start of Connection Charge are accurate. Otherwise the proposer believes there are no significant impacts for applying this change.

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

This procedure proposal does not impact a Significant Code Review or other significant industry change projects.

### **Consumer Impacts**

No consumer impacts identified.

### **STC Parties' Assessments (To be updated following Panel vote)**

#### **National Grid (ESO)**

**[National Grid (TO) is the proposer]**

#### **Offshore Transmission Owners (OFTOs)**

#### **Scottish Hydro Electric Transmission plc (SHET)**

## SP Transmission Limited (SPT)

### Impact on STC/STCPs

This modification will have an impact on STCP13-1 'Invoicing and Payment'.

### Relevant Objectives

Impact of the modification on the STC Applicable Objectives and STCP Assessment Criteria:	
Relevant STC 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.	Positive
(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

In addition for an STCP Change, Section B 7.3.2 details that the following should be considered:

Provision	View of the Proposer
the amendment or addition does not impair, frustrate or invalidate the provisions of the Code	Agree
the amendment or addition does not impose new obligations or liabilities or restrictions of a material nature on Relevant Parties which are not subsidiary to the rights and obligations of the Relevant Parties under the Code	Agree
the amendment or addition is not inconsistent or in conflict with the Code, Transmission Licence Conditions or other relevant statutory requirements	Agree
the Relevant Party Representatives deem that the amendment or addition is appropriate to support compliance with the Code	Neutral

The proposer believes that this STCP will better facilitate relevant objective(s) A, & E, as the change strives to drive efficiency to an existing process which has the potential for temporarily inaccurate charges in relation to reality. Section B 7.3.2 is satisfied.

## 5 Solution

Amend STCP13-2 ' Invoicing and Payment' to decrease the formal notice period needed by the ESO from three months to one month. The proposed legal text can be found within Section 7.

## 6 Implementation

This change would ideally apply from the first working day of the first month after Panel approval, but this is subject to confirmation from NGESO.

## 7 Legal Text

### 3.2 Changes to TO Site Specific Charges

3.2.1 Following completion of works detailed in contracts between the TO and NGESO, it may be necessary to amend Site Specific Charges in line with the charges calculated from the Bilateral Agreements for any affected Connection Site. For those contracted changes, the charge change will be implemented to NGESO in the first available monthly periodic invoice following completion of works, to incorporate charges from the appropriate date.

3.2.2 The TO Revenue Contact shall give no less than ~~3~~ 1 months prior written notice to the NGESO Revenue Contact of any changes to the TO Site Specific Charges except where changes are in accordance with clause 3.2.1.

## 8 Recommendation

### Proposer's Recommendation to Panel

Approve the STCP amendments to be signed off and implemented on 1 September 2020.