

Code Administrator Consultation													
<h1>CM075</h1> <h2>Clarification on TO Final Sums definition</h2> <p>Overview: The definition of TO Final Sums in Section J appears to contradict the provisions for calculating TO Final Sums amounts in Schedule 9. This change tidies up the definition to remove any ambiguity.</p>	<h3>Modification process & timetable</h3> <table border="1"> <tr> <td>1</td> <td>Proposal Form 01 December 2020</td> </tr> <tr> <td>2</td> <td>Code Administrator Consultation 21 December 2020 – 13 January 2021</td> </tr> <tr> <td>3</td> <td>Draft SG Modification Report 19 January 2021</td> </tr> <tr> <td>4</td> <td>Final SG Modification Report 01 February 2021 - 05 February 2021</td> </tr> <tr> <td>5</td> <td>Appeals Window 09 February 2021- 02 March 2021</td> </tr> <tr> <td>6</td> <td>Implementation 09 March 2021</td> </tr> </table>	1	Proposal Form 01 December 2020	2	Code Administrator Consultation 21 December 2020 – 13 January 2021	3	Draft SG Modification Report 19 January 2021	4	Final SG Modification Report 01 February 2021 - 05 February 2021	5	Appeals Window 09 February 2021- 02 March 2021	6	Implementation 09 March 2021
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<p>Have 5 minutes? Read our Executive summary</p> <p>Have 20 minutes? Read the full Code Administrator Consultation</p> <p>Have 30 minutes? Read the full Code Administrator Consultation and Annexes.</p>													
<p>Status summary: This Proposal was presented to Panel on 16 December 2020. A Code Administrator Consultation is being held from 21 December 2021 to 13 January 2021.</p>													
<p>This modification is expected to have a: Low impact: on Onshore Transmission Owners and NGESO.</p>													
<p>Governance route</p>	<p>This modification will follow the self-governance route and will proceed straight to Code Administrator Consultation. The Panel will make the decision on whether it should be implemented. Determination vote by the Panel will be held on 27 January 2021.</p>												
<p>Who can I talk to about the change?</p>	<table border="1"> <tr> <td> <p>Proposer: Richard Woodward: NGET Richard.Woodward@nationalgrid.com Phone: 07964 541743</p> </td> <td> <p>Code Administrator Contact: Jennifer Groome jennifer.groome@nationalgrideso.com Phone: 07966 130854</p> </td> </tr> </table>	<p>Proposer: Richard Woodward: NGET Richard.Woodward@nationalgrid.com Phone: 07964 541743</p>	<p>Code Administrator Contact: Jennifer Groome jennifer.groome@nationalgrideso.com Phone: 07966 130854</p>										
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<p>How do I respond?</p>	<p>Send your response proforma to stcteam@nationalgrideso.com by 5pm on 13 January 2021</p>												

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Executive summary

The definition of TO Final Sums in Section J appears to contradict the provisions for calculating TO Final Sums amounts in Schedule 9. This change tidies up the definition to remove any ambiguity.

What is the issue?

The current definition for TO Final Sums is ambiguous as to whether interest or financing of Construction and Engineering Costs is applicable for TO Final Sums claims. However, it is envisaged elsewhere in the code (e.g. Section 9 Clause 7.2), and accepted practice that all reasonable costs should be recovered from Users seeking to terminate Connection Agreements. The risk otherwise is that some User-specific costs for termination are socialised or incurred unreasonably by the Onshore TO.

What is the solution and when will it come into effect?

Proposer's solution:

To amend the STC legal text such that the TO Final Sums definition in Section J Clause 3 is clear about including interest during construction in Final Sums charges to the ESO.

Implementation date:

9 March 2021.

What is the impact if this change is made?

The change will avoid ambiguity in the code and ensure that the Onshore Transmission Owners can recover their full costs from the ESO for making connections investment for the benefit of a single User, but where the User terminates their agreement prematurely (and works cannot be re-used for another customer).

What is the issue?

The current definition for TO Final Sums is ambiguous as to whether interest or financing of Construction and Engineering Costs is applicable for TO Final Sums claims. However, it is envisaged elsewhere in the code (e.g. Section 9 Clause 7.2), and accepted practice that all reasonable costs should be recovered from Users seeking to terminate Connection Agreements. The risk otherwise is that some User-specific costs for termination are socialised or incurred unreasonably by the Onshore TO.

Why change?

To avoid ambiguity in the code and ensure that the Onshore Transmission Owners can recover their full costs from the ESO for making connections investment for the benefit of a single User, but where the User terminates their agreement prematurely (and works cannot be re-used for another customer).

What is the solution?

Proposer's solution

To amend the STC legal text such that the TO Final Sums definition in Section J Clause 3 is clear about including interest during construction in Final Sums charges to the ESO.

Legal text

The legal text for this change can be found below:

Changes shown in red

"TO Final Sums" the amount payable by NGESO on termination of a TO Construction Agreement being the aggregate from time to time and for the time being of:

(a) all Engineering Charges arisen prior to the date of termination, *as well as any associated financing costs (e.g. Interest During Construction)*;

(b) *Any other* fees, expenses and costs (excluding costs on account of interest charges incurred by the Transmission Owner) of whatever nature reasonably and properly incurred or due by the Transmission Owner in respect of any part of the Transmission Construction Works;

What is the impact of this change?

To avoid ambiguity in the code and ensure that the Onshore Transmission Owners can recover their full costs from the ESO for making connections investment for the benefit of a single User, but where the User terminates their agreement prematurely (and works cannot be re-used for another customer.

Proposer's Assessment against STC Objectives	
Relevant Objective	Identified impact
(a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act	None
(b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission	Positive – Ensures the Onshore TO's investments in sole-use connections are recovered from the Users triggering them, specifically in the event of that User initiating termination with the ESO.
(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	Positive – Sets signals that Users triggering works are liable for all the resulting costs, including in the event of termination.
(d) protection of the security and quality of supply and safe operation of the national electricity transmission	None

system insofar as it relates to interactions between transmission licensees	
(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.	Positive – Ensures that STC definitions line up with associated processes elsewhere in the code.
(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

When will this change take place?

Implementation date:

This modification will be implemented 5 working days after the appeals window closes, providing no objections have been raised.

Implementation approach

No system change is required, and no implementation costs are associated with this modification.

Interactions

There is a counterpart definition of Final Sums in the CUSC, which borrows the same wording. Whilst it would be advantageous to have aligning definitions, the processes between ESO and Transmission Owners vs ESO and Users are codified separately.

How to respond

Code Administrator consultation questions

- Do you believe that CM075 better facilitates the Applicable Objectives?
- Do you support the implementation approach?
- Do you have any further comments?

Views are invited on the proposals outlined in this consultation, which should be received by 5pm on **13 January 2021**. Please send your response to stcteam@nationalgrideso.com using the response pro-forma which can be found on the [modification page](#)

If you wish to submit a confidential response, please note that information provided in response to this consultation will be published on National Grid ESO's website unless the response is clearly marked "Private & Confidential", we will contact you to establish the extent of the confidentiality. A response marked "Private & Confidential" will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the CUSC

Modifications Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response. Please note an automatic confidentiality disclaimer generated by your IT System will not in itself, mean that your response is treated as if it had been marked "Private and Confidential".

Acronyms, key terms and reference material

Acronym / key term	Meaning
ESO	Electricity System Operator
TO	Transmission Owner
CUSC	Connection User of System Code
NGET	National Grid Electricity Transmission
NGESO	National Grid Electricity System Operator

Annexes

Annex	Information
Annex 1	Proposal form
Annex 2	Self-Governance statement