

## Draft Final Self-Governance Modification Report

# CM077: Re-alignment of STC and STCP provisions for Construction Offer Timescales

**Overview:** This modification seeks to set explicit timelines in STC for the Onshore TOs to submit final Construction Offers to NGENSO. It also removes the existing ambiguity created by these same provisions being worded differently in STC compared to STC procedures.

### Modification process & timetable



**Have 5 minutes?** Read our [Executive summary](#)

**Have 20 minutes?** Read the full [Final SG Modification Report](#)

**Have 30 minutes?** Read the full Final SG Modification Report and Annexes.

**Status summary:** This Report will be submitted to the STC Panel for them to carry out their Determination Vote on whether this change should happen.

**Panel recommendation:** The Panel has determined unanimously/by majority that the Proposer's solution is implemented.

**This modification is expected to have a: **Low impact on:**** Onshore Transmission Owners; NGENSO

**Governance route** This modification followed the Self-Governance route and proceeded straight to Code Administrator Consultation. The Panel will make the decision on whether it should be implemented.

**Who can I talk to about the change?**

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**Appeals window**

If you want to appeal this decision, please send your [appeals form](#) and relevant documentary evidence to [industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk) by 5pm on 29 July 2021 and ensure you copy in [stcteam@nationalgrideso.com](mailto:stcteam@nationalgrideso.com)

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## Executive summary

This modification is seeking to set explicit timelines in STC for the Onshore TOs to submit final Construction Offers to NGENSO. It also removes the existing ambiguity created by these same provisions being worded differently in STC compared to STC procedures.

### What is the issue?

The STC has 'main body' clauses which are supported by a set of more detailed procedures to facilitate day-to-day operational compliance by STC parties.

In the Proposer's view due to the nature of iterative code modifications made over time, there are sometimes instances where the STC main body text and the STC procedures fall out of alignment.

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

#### Proposer's solution:

In the Proposer's view and after consultation with STC parties the general consensus was that the STC procedure - STCP18-1 clause 3.2.20.3 - should be applied in this case as it represents long-standing standard operational practices.

#### Implementation date:

As soon as possible.

**Panel determination:** The Panel has determined unanimously/by majority that the Proposer's solution is implemented.

### What is the impact if this change is made?

In the Proposer's view this modification will ensure obligations on TO Construction Offer submission are fully clear to all STC parties and to ensure STC provisions are fully aligned.

In the Proposer's view the current STC text refers to a combination of months and 'Business Days' which could be misleading. The proposed solution would ensure that months and calendar days are referred to, making the timeline much clearer, as per STCP text.

### Interactions

It is understood that this modification does not have any interaction with other codes or other industry-wide work.

## What is the issue?

The STC has 'main body' clauses which are supported by a set of more detailed procedures to facilitate day-to-day operational compliance by STC parties.

Due to the nature of iterative code modifications made over time, there are sometimes instances where the STC main body text and the STC procedures fall out of alignment. Where a situation like this arises code changes should be raised to correct any misalignment to ensure compliance obligations are clear to STC parties.

The Proposer has uncovered one such instance relating to differing timelines for submitting final TO Construction Offers to NGENSO via STC Section D Part 2 and STCP18-1.

## Why change?

In the Proposer's view this modification is seeking to ensure obligations on TO Construction Offer submission are fully clear to all STC parties and to ensure STC provisions are fully aligned.

The current STC text refers to a combination of months and 'Business Days' which could be misleading. In the Proposer's view the proposed solution would ensure that months and calendar days are referred to, making the timeline much clearer, as per STCP text.

## What is the solution?

In the Proposer's view the standard legal approach where disparities between STC main body and STC procedure provisions are discovered is to favour the STC main body text.

In the Proposer's view and after consultation with STC parties prior to the modification being raised, the consensus was that the STC procedure - STCP18-1 clause 3.2.20.3 - should be applied in this case as it represents long-standing standard operational practices.

## Proposer's solution

In the Proposer's view this proposal is seeking to modify STC Section D Part 2 – clauses 4.8.1/2 and 4.9.1/2 and set explicit timelines in STC for the Onshore TOs to submit final Construction Offers to NGENSO. In the Proposer's view this modification will also remove the existing ambiguity created by these same provisions being worded differently in STC compared to STC procedures.

## Legal text

**The legal text for this change can be found below:**

4.8 Subject to paragraph 4.3, a Transmission Owner which receives an effective NGENSO Construction Application (other than an OTSDUW Build Application) under paragraph 2.2 above shall, unless otherwise agreed with NGENSO or determined or

directed by the Authority, submit a TO Construction Offer to NGESO as soon as reasonably practicable and, in any event, on or before the later of:

4.8.1 ~~three months less thirteen Business Days~~ two months plus fourteen calendar days after the NGESO Application Date; and

4.8.2 where relevant, ~~three months less fifteen Business Days~~ two months plus twelve calendar days after the Construction Assumptions Date,

and, in the case of an OTSDUW Build Application, shall submit an OTSDUW Completion Report to NGESO 6 months prior to the proposed OTSUA Transfer Time, or such other date as the Offshore Transmission Owner and NGESO shall agree, and, in any event, by the OTSUA Transfer Time.

4.9 NGESO and a Transmission Owner may agree that the Transmission Owner may submit its TO Construction Offer otherwise than in accordance with the dates set out in paragraph 4.8 provided that:

4.9.1 a TO Construction Offer to which sub-paragraph 4.8.1 applies shall be submitted not later than ~~three months less five Business Days~~ two months plus twenty-one calendar days after the NGESO Application Date; and

4.9.2 a TO Construction Offer to which sub-paragraph 4.8.2 applies shall be submitted not later than ~~three months less seven Business Days~~ two months plus nineteen calendar days after the Construction Assumptions Date, unless otherwise determined by the Authority in accordance with an application under Standard Condition C9 of NGESO's Transmission Licence.

## What is the impact of this change?

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	<b>Positive</b> Ensures clarity and consistency for the Onshore TOs to submit TO Construction Offers to ESO, in turn supporting them to issue offers to Users in a timely manner.
(b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission	<b>Neutral</b>
(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	<b>Positive</b> Ensures consistent treatment by STC parties for Users requesting construction offers/connection offers.
(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	<b>Neutral</b>
(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC	<b>Positive</b> Removes a drafting anomaly causing STC main body text and STC procedures to be misaligned.

(f) facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;	<b>Neutral</b>
(g) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.	<b>Neutral</b>

### **Code Administrator consultation summary**

The Code Administrator Consultation was issued on the 27 May 2021 closed on 18 June 2021 and received 1 response. A summary of the responses can be found in the table below, and the full responses can be found in Annex 3.

<b>Code Administrator Consultation summary</b>	
<b>Question</b>	
Do you believe that the CM077 better facilitates the STC applicable Objectives?	<b>Yes.</b> NGESO recognises and agrees with the Proposer's view that it removes ambiguity and ensures consistency within STC and STCPs which reflects the current business-as-usual position. NGESO also agrees with the justification applied to objectives (a), (c), and (e) within the consultation.
Do you support the proposed implementation approach?	<b>Yes.</b> The 5 August date will ensure all affected parties have sufficient time to make any minor adjustments to internal processes if required.
Do you have any other comments?	<b>N/A</b>
<b>Legal text issues raised in the consultation</b>	
None	
<b>EBGL issues raised in the consultation</b>	
None	

### **Panel determination vote**

The Panel met on the 30 June 2021 to carry out their determination vote. They assessed whether a change should be made to the STC by assessing the proposed change and any alternatives against the Applicable Objectives.

**Vote 1:** Does the Original, facilitate the objectives better than the Baseline?

Panel Member: **Matt Baller: National Grid Electricity System Operator (NGESO)**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Better facilitates AO (f)?	Better facilitates AO (g)?	Overall (Y/N)
<b>Original</b>								

Voting Statement							

Panel Member: **Neil Bennett/Neil Sandison: Scottish Hydro Electric Transmission plc. (SHET)**

	Better facilitat es AO (a)?	Better facilitat es AO (b)?	Better facilitat es AO (c)?	Better facilitate s AO (d)?	Better facilitate s AO (e)?	Better facilitate s AO (f)?	Better facilitate s AO (g)?	Overall (Y/N)
Original								
Voting Statement								

Panel Member: **Milorad Dobrijevic/Deborah MacPherson: Scottish Power Transmission plc. (SPT)**

	Better facilitat es AO (a)?	Better facilitat es AO (b)?	Better facilitat es AO (c)?	Better facilitate s AO (d)?	Better facilitate s AO (e)?	Better facilitate s AO (f)?	Better facilitate s AO (g)?	Overall (Y/N)
Original								
Voting Statement								

Panel Member: **Joel Matthews: Offshore Transmission Owner (OFTO)**

	Better facilitat es AO (a)?	Better facilitat es AO (b)?	Better facilitat es AO (c)?	Better facilitate s AO (d)?	Better facilitate s AO (e)?	Better facilitate s AO (f)?	Better facilitate s AO (g)?	Overall (Y/N)
Original								
Voting Statement								

Panel Member: **Richard Woodward: National Grid Electricity Transmission (NGET)**

	Better facilitat es AO (a)?	Better facilitat es AO (b)?	Better facilitat es AO (c)?	Better facilitate s AO (d)?	Better facilitate s AO (e)?	Better facilitate s AO (f)?	Better facilitate s AO (g)?	Overall (Y/N)
Original								
Voting Statement								



**Vote 2 – Which option is the best?**

Panel Member	BEST Option?	Which objectives does this option better facilitate? (If baseline not applicable).
Matt Baller/Robert Wilson/Nicola Bruce/Keith Jones		
Neil Sandison/Neil Bennett		
Milorad Dobrijevic/ Deborah Macpherson		
Joel Matthews		
Richard Woodward/Ian Bottomer		

**Panel conclusion**

The Panel, unanimously/ by majority determined that the Proposer's solution should be implemented.

**When will this change take place?****Implementation date**

05 August 2021

**Implementation approach**

Internal processes for the Onshore TOs may need to re-align if they do not already follow the proposed approach.

**Interactions**

- |   |  |  |                                |
|---|--|--|--------------------------------|
| <input type="checkbox"/> Grid Code              | <input type="checkbox"/> BSC                               | <input type="checkbox"/> CUSC                | <input type="checkbox"/> SQSS  |
| <input type="checkbox"/> European Network Codes | <input type="checkbox"/> EBGL Article 18 T&Cs <sup>1</sup> | <input type="checkbox"/> Other modifications | <input type="checkbox"/> Other |

It is understood that this modification does not have any interaction with other codes or other industry-wide work.

**Acronyms, key terms and reference material**

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
EBGL	Electricity Balancing Guideline

<sup>1</sup> If the modification has an impact on Article 18 T&Cs, it will need to follow the process set out in Article 18 of the European Electricity Balancing Guideline (EBGL – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.



STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions
TO	Transmission Owners
NGESO	National Grid Electricity System Operator
NETS	National Electricity Transmission System

### Reference material

- None

### Annexes

Annex	Information
Annex 1	Proposal form
Annex 2	Self-Governance Statement
Annex 3	Code Administrator Consultation response