

STC Modification Proposal Form

CM079: Consideration of STC/STCP changes in relation to CMP330/374

Overview: This modification will consider the proposals being discussed in CMP330/374 and how these might lead to STC or STC Procedures to ensure any consequential changes are proportionate.

Modification process & timetable



Status summary: The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.

This modification is expected to have a: [Select impact]

High impact: Onshore Transmission Owners;

Low impact: National Grid ESO;

Proposer's recommendation of governance route

Standard Governance modification with assessment by a Workgroup

Who can I talk to about the change?

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What is the issue?

CUSC modification proposals CMP330 & CMP374 are currently being considered by a workgroup. The core of these proposals seek to extend the range of transmission assets which can be built 'contestably' by a third party (a 'User' as defined by CUSC).

Currently this right relates to User connection equipment – 'Connection Assets' and the User's own Plant and Equipment. The CUSC proposals seek to extend this right to incorporate Infrastructure Assets which are not shared, or are not expected to be shared, with the Onshore Transmission Owner adopting these assets on completion of build.

Why change?

Should these CUSC modifications be approved by Ofgem, connections processes in STC and STC Procedures will need to be modified to align with CUSC. Therefore, this proposal seeks to ensure that the STC/STCP changes are considered by Ofgem in parallel to those in CUSC.

What is the proposer's solution?

- Undertake a collaborative code mapping exercise with relevant STC Parties, to consider a suite of proportionate changes to STC/STCP resulting from the proposed CUSC changes (including WACMs as required).
- Carry out a quantitative impact assessment of the CUSC and STC proposals from a networks perspective to help Ofgem consider their decision for this package of change.

Draft legal text

[To be developed]

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	Neutral It is unclear at this stage
(b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission	Neutral It is unclear at this stage
(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	Neutral It is unclear at this stage
(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	Negative There is an increased risk of inefficient or lower quality network investment via the CUSC proposal which may impact security of supply

(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC	Negative There is a risk that CMP330/374 may lead to increasing administrative burden on the network licensees. Furthermore the proposal to fully set out contract terms for these works in codes (unlike today) will stifle innovation.
(f) facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;	Neutral It is unclear at this stage
(g) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.	Neutral N/A

Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories

Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	Negative There is a risk that increasing the extent of Contestable construction rights for transmission works by a 3 rd party to include Infrastructure assets – which are by definition not built for the benefit of a sole User - may lead to sub-optimal network investment outcomes. This may include knock-on operational or safety impacts for the transmission licensees if 3 rd parties do not undertake these construction works in accordance with their code compliance obligations (to be established by these modifications) or the provisions in related bilateral agreements struck with the Onshore TO. It is important to note that Users are motivated/incentivised much differently than that of a licensed entity (e.g. Onshore TO) to undertake these activities.
Lower bills than would otherwise be the case	Positive At its centre, the CUSC proposal is seeking to deliver some transmission network investment quicker and cheaper than might have otherwise been delivered by the Relevant Onshore Transmission Owner. Whilst this is predominately for the benefit of a connecting party, end consumers may experience modest savings via reduced costs recovered via TNUoS. Whether this outcome is actually the case in reality is yet to be substantiated by the workgroup.

	There is a risk though that the increased scope of 'Contestable' investment to include Infrastructure assets leads to operational or maintenance issues during the asset life as mentioned above, for which end consumers will ultimately bear the cost for the Onshore Transmission Owner having to resolve or manage them.
Benefits for society as a whole	Neutral No societal benefits have been mentioned in relation to the corresponding CUSC proposals.
Reduced environmental damage	Neutral No environmental benefits have been mentioned in relation to the corresponding CUSC proposals.
Improved quality of service	Neutral At best these proposals should speed up connection times for specific Users. However this benefit is unsubstantiated at this stage. There is a high likelihood for increased administrative burden for the network companies to facilitate this for specific Users throughout the connection journey. This will lead to increased costs and increased bureaucracy dependant on the outcome of the CUSC proposal (which could also lead to overall inefficiency to code arrangements by fully codifying contract terms).

When will this change take place?

Implementation date

At the same time as the associated CUSC modification proposals – as a comprehensive package of change.

Date decision required by

At the same time as the associated CUSC modification proposals – as a comprehensive package of change.

Implementation approach

In accordance with approach set out in the associated CUSC modification proposals.

Proposer's justification for governance route

Governance route: Standard Governance modification with assessment by a Workgroup

The significant workload and potential for sub-optimal outcomes for transmission network companies needs to be considered appropriately by an STC working group. Furthermore, the nature of the underlying CUSC modification proposals need Ofgem approval given their wider implications. The STC changes should therefore be considered along with CUSC proposals as a comprehensive package of change.

Guidance on governance routes		
Timescales	Route	Who makes the decision (Governance type)
Normal	Proceed to Code Administrator Consultation*	Authority (Standard Governance) or Panel (Self-Governance)
	Assessment by a Workgroup**	
Urgent	Proceed to Code Administrator Consultation	Authority (Standard Governance)
	Assessment by a Workgroup	
Fast-track	Straight to appeals window, then implementation	Panel (Self-Governance)
<p>* This route is for modifications which have a fully developed solution and therefore don't need to be considered by a Workgroup.</p> <p>** For modifications which need further input from industry to develop the solution.</p>		
Self-Governance Criteria		
<p>It depends on the material effect of the modification as to whether it should be subject to Standard or Self-Governance. If you are proposing that your modification should be subject to Self-Governance, you must explain how it meets the below criteria.</p> <p>The modification is unlikely to discriminate between different STC Parties and is unlikely to have a material effect on:</p> <ul style="list-style-type: none"> Existing or future electricity customers; Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity, The operation of the National Electricity Transmission System Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies The STC Panel's governance procedures or the STC Panel's modification procedures 		
Urgency Criteria		
<p>If you are proposing that your modification is Urgent, you must explain how it meets Ofgem's Urgent criteria (below). When modifications are granted Urgency, this enables the us to shorten the standard timescales for industry consultations. Note that the we (Code Admin) must seek Authority approval for this option.</p> <p>Ofgem's current guidance states that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:</p> <ul style="list-style-type: none"> A significant commercial impact on parties, consumers or other stakeholder(s); or A significant impact on the safety and security of the electricity and/or gas systems; or A party to be in breach of any relevant legal requirements. 		
Fast-Track Self-Governance Criteria		
<p>This route is for modifications which are minimal changes to the code. E.g. Typos within the codes. If you are proposing that your modification should be subject to Fast-Track Self-Governance, you must explain how it meets the below criteria.</p> <p>The modification is a housekeeping modification required as a result of an error or factual change, such as:</p> <ul style="list-style-type: none"> Updating names or addresses listed in the STC; Correcting minor typographical errors; Correcting formatting and consistency errors, such as paragraph numbering, or; Updating out of date references to other documents or paragraphs. 		

Interactions

- | | | | |
|--|---|--|-------------------------------|
| <input type="checkbox"/> Grid Code | <input type="checkbox"/> BSC | <input checked="" type="checkbox"/> CUSC | <input type="checkbox"/> SQSS |
| <input type="checkbox"/> European
Network Codes | <input type="checkbox"/> Other
modifications | <input type="checkbox"/> Other | |

This STC/STCP change directly results from on-going CUSC modification proposals.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CM	Code Modification
CUSC	Connection and Use of System Code
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards

Reference material

- CMP330 proposal document - <https://www.nationalgrideso.com/document/158561/download>
- CMP374 proposal document – <https://www.nationalgrideso.com/document/205106/download>