

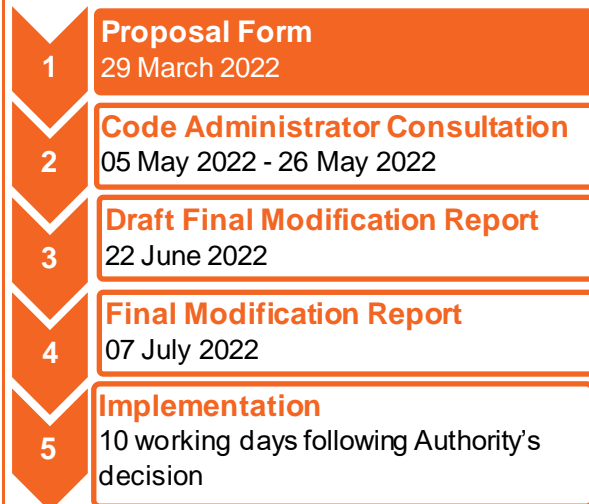
STC Modification Proposal Form

CM082: STC Governance Improvements

Overview: This proposal seeks to:

- 1) Provide STC Panel an improved route to help Code Admin convene workgroups with a more proportionate quoracy approach.
- 2) Clarify the governance arrangements where Panel decisions to approve/reject STC Procedure modifications may need to be unwound following an Authority decision for a corresponding cross-code modification.

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: Low impact

STC Parties and Ofgem

Proposer's recommendation of governance route	Standard Governance modification to proceed to Code Administrator Consultation
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Who can I talk to about the change?	<p>Proposer: Richard Woodward Richard.Woodward@nationalgrid.com 07964 541743</p>	<p>Code Administrator Contact: Sally Musaka Sally.Musaka@nationalgrideso.com 07790 778 560</p>
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What is the issue?

Currently the STC governance rules do not foresee specific situations related to (1) convening workgroups or (2) approving STCP modifications:

1. Quoracy rules for new workgroups are potentially restrictive for modifications where there is limited STC party impact. This either leads to workgroups not commencing, or Code Admin having to request non-impacted STC parties to participate to help achieve quoracy. Either outcome leads to an inefficient use of industry time.
2. Panel can approve or reject STC Procedure (STCP) changes, providing efficient governance as the impact of such changes relate solely to STC parties.

In the last few years an increased number of modifications have been raised with a cross-code impact on STC/STCPs - typically from CUSC. This has led to more consequential STCP mods being needed, where Panel may reasonably approve or reject in consideration of the code applicable objectives.

The governance rules however do not foresee the possibility of Panel decisions pre-empting an Ofgem decision on a related cross-code modification. If this cross-code modification relies on the STCP modification being approved/implemented (for which the STC Panel have previously rejected), there is a gap in the STC governance rules to dictate what process should be followed.

Why change?

- Enable STC modification workgroups to be convened swiftly, but with effective participation.
- Maximise efficient use of industry resources.
- Facilitate proportionate engagement in on-going code change by STC parties, rather than forcing arbitrary attendance to meet with quoracy rules which may not be fit for purpose
- Provide transparency to Panel, Ofgem and industry on the rules around approval (or non-approval) of STCP modifications where there are cross-code impacts.
- Ensure the STC governance rules are future-proofed.

What is the proposer's solution?

In relation to issue (1) – amend the workgroup membership provisions for Panel approval so that as long as the workgroup consists of three or more STC parties, where one member must be a representative of the ESO, that no requirement is placed on Onshore Transmission Owners (TOs) or Offshore Transmission Owners (OFTO) participation if this is not required. The Panel shall ensure that any non-attendance by Onshore TOs or OFTOs shall not prejudice workgroup conversations or limit a workgroup's ability to deliver on its terms of reference.

In relation to issue (2) there are two potential solutions. The original solution seeks to form a consultative process in the governance rules between the STC Panel and Ofgem to consider a reversal of the Panels' previous determination in alignment with Ofgem's prospective cross-code decision. Where majority consensus to do this cannot be achieved at Panel, Ofgem are provided written justification for the Panel maintaining their previous position. They should be obliged to consider this in their cross-code decision but

ultimately have the final say. This may mean directing the Code Admin to reverse the Panel's decision despite Panel assent not being obtained.

A potential WACM is that the governance rules move straight to Ofgem direction to reverse the Panel's previous determination, without consultation. Whilst more efficient, it is less transparent and is likely to lead to consternation among STC Panel members in the long-term, who ultimately make decisions to approve or reject modifications by assessing them in relation to the strategic code objectives. NB that draft legal text for this option has not been provided.

Draft legal text

Provided separately.

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
(b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission	Neutral
(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
(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	Neutral
(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC	Positive Ensures that governance rules are more transparent and better facilitate progression of code modifications.
(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
(g) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.	Neutral

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	Neutral
Lower bills than would otherwise be the case	Neutral
Benefits for society as a whole	Neutral
Reduced environmental damage	Neutral
Improved quality of service	Neutral Click or tap here to enter text.

When will this change take place?

Implementation date

This modification will be implemented 10 working days after Authority's decision

Date decision required by

As soon as possible.

Implementation approach

No impacts on systems; this modification relies on amendments to code legal text only.

Proposer's justification for governance route

Governance route Standard Governance modification to proceed to Code Administrator Consultation

As this modification impacts code governance arrangements, it is appropriate to follow standard governance so that Ofgem can make the ultimate determination on whether it is approved.

Interactions

- Grid Code BSC CUSC SQSS
 European Other Other
 Network Codes modifications

None

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
STCP	System Operator Transmission Procedure
ESO	Electricity System Operator
TO	Transmission Owner
OFTO	Offshore Transmission Owner
NGESO	National Grid Electricity System Operator
WACM	Workgroup Alternative CUSC Modification

Reference material

- None