

Enabling Early Competition Code Modification Plan

GCDF- July 2022



Agenda

Early Competition Overview

Code Change Timeline

Code Modification Plan

Next Steps

Early Competition - Overview



What is Early Competition?

- Competition for design, build & ownership of selected onshore electricity transmission assets
- Prior to the detailed design, surveying and consenting phases of solution development
- Potentially wider range of solutions to meet system needs
 - net benefits for consumers
- Prioritising a safe, secure network.

ESO ambition to “introduce competition everywhere”

- Competition can minimise costs to consumers by considering innovative ways to deliver network investment
- Competition as one of the enablers of net zero

Early Competition – Key updates

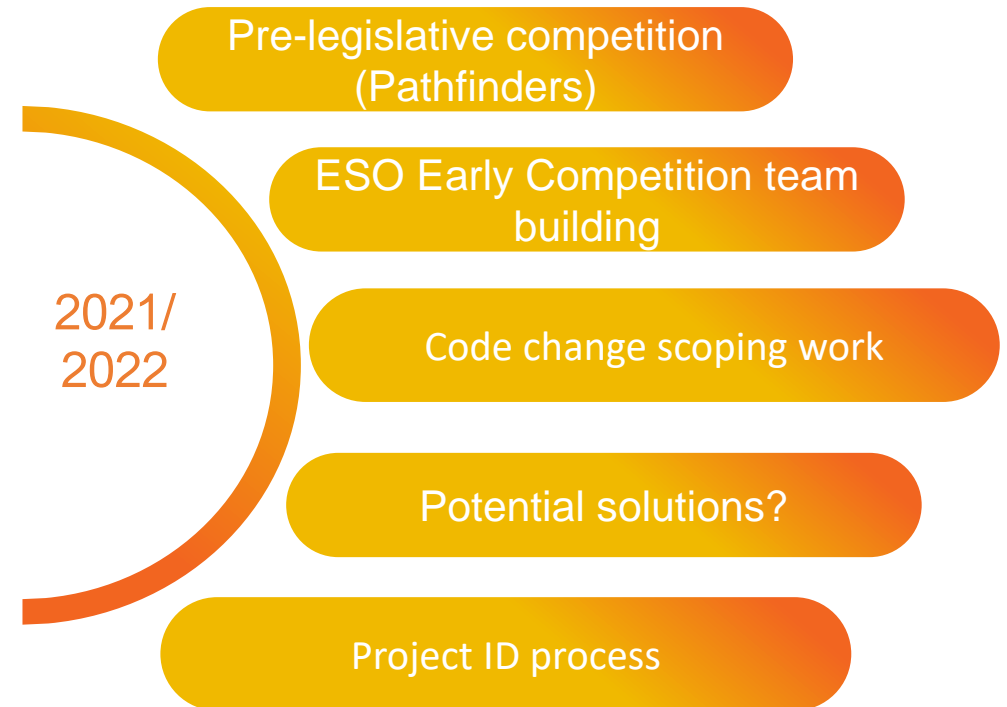
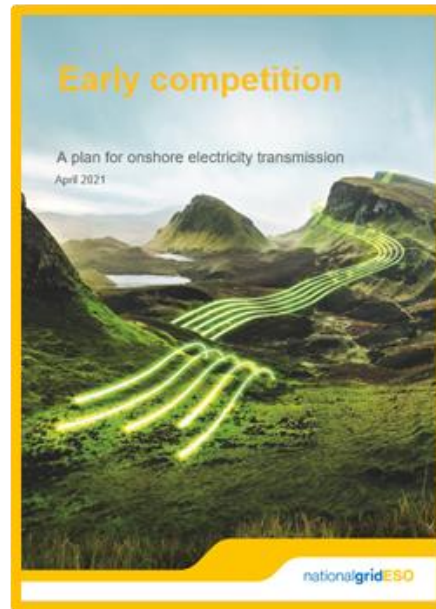
Ofgem Decision

- Ofgem published their decision to proceed with the implementation of the Early Competition model on the 28th March 2022
- National Grid ESO Early Competition Plan approved
- Primary legislation to enable Early Competition expected Summer/Autumn 2022
- Now in the phase of engaging with industry stakeholders and inviting feedback

Early Competition - low regret activities

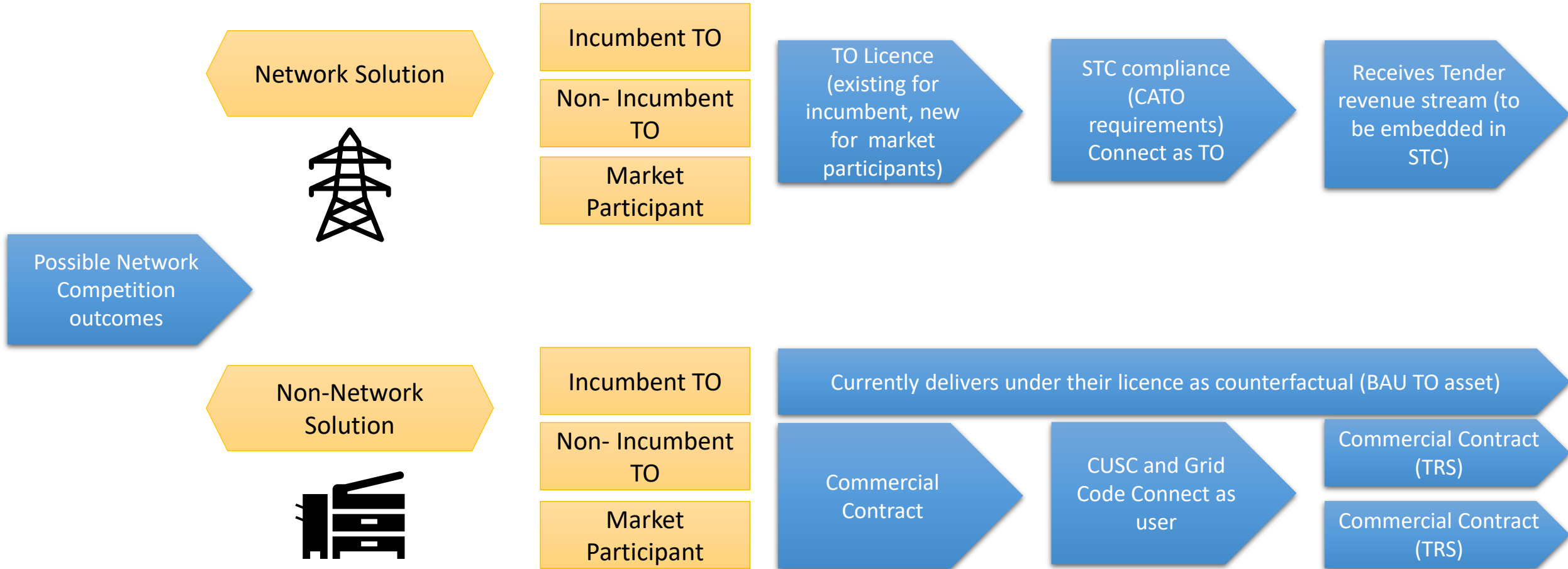
- We have been progressing low regret activities since May 2021
- Now (post April 2022) in Early Competition programme development phase

Our final Early Competition Plan was submitted to Ofgem in April 2021



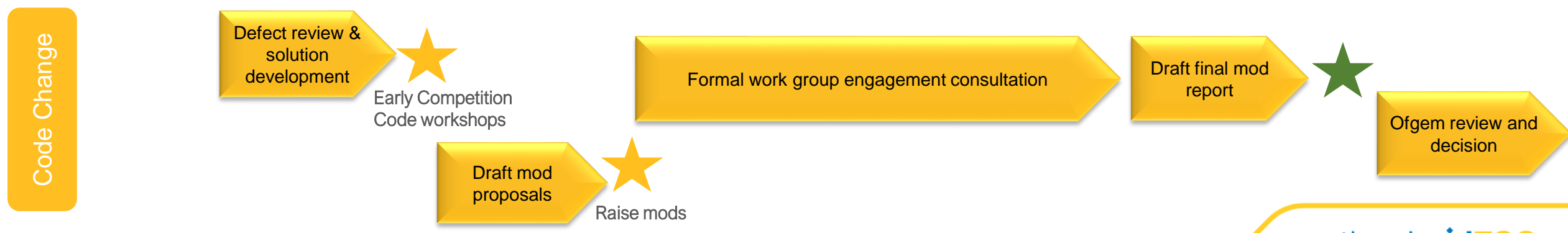
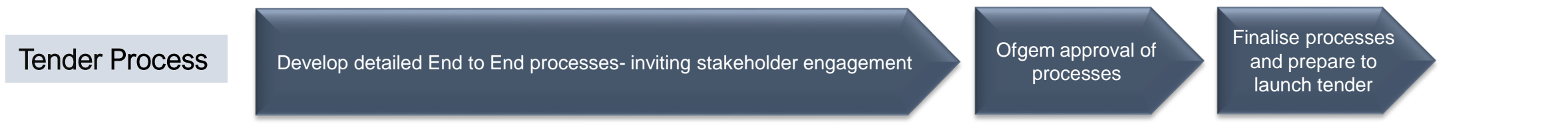
Early Competition- Assumptions

A network solution is a solution that performs the activity of transmission (under Electricity Act 89)



Code change timeline

Spring 2022 Summer 22 Autumn 2022 Winter 22/23 Spring 23 Summer 23 Sept 23 Winter 23



Early Competition – Code Modification Plan



STC Potential Modifications

Modification	Topic	Dependency
Introduce Competitively Appointed TO concept	<ul style="list-style-type: none">• CATO representation on STC Panel• Party Entry Process• Transmission Investment Planning• Charges and cost recovery• Data sharing• Definitions	None
Introduce commercial model	<ul style="list-style-type: none">• Introduce commercial model into STC – Tender Revenue Stream	Development of Tender Revenue Model
Technical policy/ boundary of influence	<ul style="list-style-type: none">• CATO-TO interface agreement• Technical Design and Operational Criteria• Boundaries of influence	None
Connection process for CATO	<ul style="list-style-type: none">• Ensure planning and construction process caters for connection of transmission assets to NETS	None

Grid Code Potential Modifications

Modification	Topic	Dependency
Introduce CATO to Definitions and General Condition section	<ul style="list-style-type: none">• Insert reference to CATO to following definitions: 'Onshore Transmission Licence', 'Relevant E&W Transmission Licence', 'Relevant Scottish Transmission Licence', 'E&W Transmission System', 'Scottish Transmission System'• Governance Rules	None
Changes to Safety and Technical Standards to include CATOs	<ul style="list-style-type: none">• Changes to Safety and Technical standards to include CATOs	None
Defining small, medium and large power stations within the context of CATO	<ul style="list-style-type: none">• Geographically specific standards should apply to CATO assets?	None

SQSS- Potential Modifications

Section	Topic	Dependency
Section 1 Section 11	Introduce CATO Concept- <ul style="list-style-type: none">• Introduction• Terms & Definitions	None
Section 2	Insert CATO/TO interface figure alongside OFTO/TO interface figure.	Will require confirmation of EC Technical Team

Meet the Team/ Next Steps



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Questions

