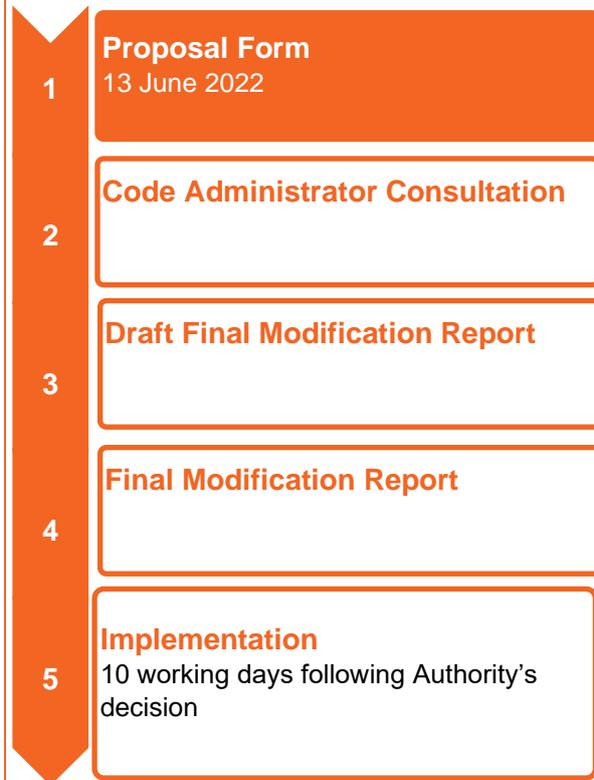


**STC Modification Proposal Form**

# CM084: Clarify STCP modification determination approach for cross-code changes

**Overview:** Clarify the governance arrangements where Panel decisions to approve/reject STC Procedure modifications may need to be unwound following an Authority determination 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: Medium impact**

STC Parties

**Low Impact:** The Authority; CUSC/Grid Code modification proposers

<b>Proposer's recommendation of governance route</b>	Standard Governance modification with assessment by a Workgroup
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<b>Who can I talk to about the change?</b>	<b>Proposer:</b> Richard Woodward <a href="mailto:Richard.Woodward@nationalgrid.com">Richard.Woodward@nationalgrid.com</a> 07964 541743	<b>Code Administrator Contact:</b> Sally Musaka <a href="mailto:Sally.Musaka@nationalgrideso.com">Sally.Musaka@nationalgrideso.com</a> 07790 778 560
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## What is the issue?

The STC Panel have the role of making determinations – rather than the Authority - on STC Procedure (STCP) modifications under the governance rules. This is to provide efficiency for changes typically considered to be low materiality and/or where any impacts are confined solely to STC parties.

In the last few years, an increased number of cross-code modifications (e.g. initiated from CUSC/Grid Code change proposals) have been raised with a more significant impact on the STC/STCPs. In particular, commercially-focused cross-code changes have potentially the most material impacts on STC Parties if approved/implemented – even if ‘only’ facilitated via STCP changes. In fact sometimes the precise impact of a package of cross-code changes is only truly understood once the STCP changes have been developed.

In our view this context makes it all the more important for the governance rules to show deference to the STC Panels’ consideration and assessment of STCP modifications, and/or a need to clarify how the timing and impact of STCP changes is understood by both the Panel and Ofgem in consideration of a package of cross-code changes.

This proposal hypothesises that this may not be the case today, with STCP modifications potentially being considered a secondary concern. This risks negative outcomes from cross-code changes. Consequently, we believe the governance rules require enhancement to rectify this situation.

## Why change?

- Provide transparency to Panel, Ofgem and industry on the rules around assessment and determination of STCP modifications resulting from cross-code modifications which may have material impact on STC.
- Ensure the STC governance rules are future-proofed.

## What is the proposer’s solution?

Our proposal seeks to amend the governance rules to be more prescriptive of the interactions and timings for STC Panel (and therefore indirectly Ofgem) to better consider STCP changes stemming from cross-code modifications.

We have set out two governance process routes to do this:

### **Proposer’s solution:**

1. STCP modifications should be marked as “stand-alone” or “consequential” in the mod proposal form (in relation to cross-code changes).
2. For ‘consequential’ changes which have medium or greater materiality (enhancements to the critical friend process to better quantify this may be needed), STC Panel shall be required to undertake a *recommendation* vote (not a *determination* vote) prior to Ofgem’s consideration of the full package of cross-code changes.
3. The Panel’s recommendation, along with other relevant supporting information, should be submitted by Code Admin to Ofgem as part of the complete package of cross-code changes for their determination.
4. Ofgem’s ultimate determination of the package of changes should then be used to inform the determination of the associated STCP modification(s).

**Alternative solution:**

1. STCP modifications should be marked as “stand-alone” or “consequential” in the mod proposal form (as per the original).
2. For ‘consequential’ changes which have medium or greater materiality (enhancements to the critical friend process to better quantify this may be needed), STC Panel shall be required to undertake their *determination* vote prior to Ofgem’s consideration of a package of cross-code changes.
3. The Panel’s determination, along with other relevant supporting information, should be submitted to Ofgem as part of the complete package of cross-code changes for their determination.
4. If Ofgem’s ultimate determination of the package of changes is contrary to the Panel determination in (2), then the governance rules should be amended to facilitate a reversal of the Panel’s earlier determination, with them being notified accordingly.

**Draft legal text**

To be developed.

**What is the impact of this change?**

<b>Proposer’s assessment against STC Objectives</b>	
<b>Relevant Objective</b>	<b>Identified impact</b>
(a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act	<b>Neutral</b>
(b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission	<b>Positive</b> Ensures that the STC Panel are adequately consulted on matters related to cross-code changes which could materially impact their ability to undertake system operation / development roles.
(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>Neutral</b>
(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>Positive</b> Ensures that the STC Panel are adequately consulted on matters related to cross-code changes which could materially impact their ability to undertake system operation / security of supply roles.

(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC	<b>Positive</b> Ensures that governance rules are more explicit and transparent to better facilitate the progression and conclusion of STCP modifications related to cross-code changes.
(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>

### 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	<b>Neutral</b>
Lower bills than would otherwise be the case	<b>Neutral</b>
Benefits for society as a whole	<b>Neutral</b>
Reduced environmental damage	<b>Neutral</b>
Improved quality of service	<b>Neutral</b> 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**

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

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