

CM086 - Introducing Competitively Appointed Transmission Owners & Transmission Service Providers

24th January 2023

Hybrid Meeting via Teams Room L1.09 Faraday House, Warwick

WELCOME





Modification Process

Ruth Roberts– National Grid ESO Code Administrator

Code Modification Process Overview





Workgroup Responsibilities

Ruth Roberts – National Grid ESO Code Administrator

Expectations of a Workgroup Member

Contribute to the discussion

Be respectful of each other's opinions

Language and Conduct to be consistent with the values of equality and diversity

Do not share commercially sensitive information

Be prepared - Review Papers and Reports ahead of meetings

Complete actions in a timely manner

Keep to agreed scope

Your Roles

Help refine/develop the solution(s)

Bring forward alternatives as early as possible

Vote on whether or not to proceed with requests for Alternatives

Vote on whether the solution(s) better facilitate the Code Objectives



Terms of Reference

Ruth Roberts– National Grid ESO Code Administrator

CM086 - Introducing Connections Process to facilitate Competitively Appointed Transmission Owners – Terms of Reference

Workgroup Term of Reference	Location in Workgroup Report (to be completed at Workgroup Report stage)
a) Implementation	
b) Review and support the legal text drafting	
c) Ensure the appropriate Industry experts or stakeholders are engaged in the Workgroup to ensure that all potentially affected stakeholders have the opportunity to be represented in the Workgroup.	
d)The cross Code impacts this Modification has, in particular the CUSC	



Proposer's Presentation

Gareth Stanley & Stephen Baker – ESO

Background to CM086

- The **Energy Security Bill** was introduced to Parliament on 6 July, which makes provisions to enable competitive tenders in onshore electricity networks.
- BEIS indicate that, through the introduction of competition, consumers could see savings of up to £1 billion on projects tendered over the next ten years
- This modification aims to introduce the concept of **Competitively Appointed Transmission Owners (CATO's)** for the purposes of introducing Onshore Network Competition for the design, build and ownership of Onshore Transmission assets.
- BEIS have indicated a preference for the FSO to run tenders to appoint a preferred bidder.
- CATOs will be appointed following a tender process and will be financed through a long Tender Revenue Stream.
- To allow **Onshore Network Competition** to be implemented effectively the competition processes, obligations, technical requirements, charges, and remuneration principles need to be embedded within the relevant codes.
- The proposed modifications will enable both early and late competition and are based upon the assumption that CATOs will be granted a Transmission Licence and will be categorised as Onshore Transmission Licensees.

CM086 'Introducing CATO' Mod

- The ESO is raising CM086 mod:
- To introduce Competitively Appointed Transmission Owners (CATOs) to the STC
- The legal text changes are to be made in association with changes to other Codes and Standards, including SQSS, CUSC, Grid Code and BSC
- Clerical changes to the suite of STCPs to make reference to CATO are also being made as part of the work to introduce the concept of CATO
- The proposed code changes form part of the package of work to establish the frameworks for competition in onshore electricity networks. This has a key role to play in improving efficiency in network investment and driving innovative solutions to network needs, helping us meet our decarbonisation targets at the lowest cost to consumers

CM086 Legal Text Changes

Please note the following points of guidance regarding the legal text changes. **This is not an exhaustive list of the changes** so please review the legal text for full details.

Note that the objective of this modification is to implement minimum changes to the STC to facilitate the introduction of CATOs to ensure continued operability of the Grid Code arrangements.

The changes listed below are made on the assumption that CATO will be introduced as a sub-category of Onshore Transmission Licensee.

Section(s)	Title
Section B3.2	Admission of new parties
Section B.6 (see also annex B1)	STC Modification Panel
Section B.7	Modifications of the Code and Code Procedures
Annex B1	Election of Offshore Transmission Owner Party Representatives
Section C3 (Part 1)	Services Capability Specification
Section C4 (Part 1)	Transmission Services Limits
Section D2.1	Transmission Investment Plans
Section D2.2.6 (Part 1)	Transmission System Technical Criteria and Planning Assumptions
Section D3.1 (Part 1)	Default Planning Boundary
Section E2	TO Charges
Section E3	NGESO Charges
Section E7	Date provided by Offshore Transmission Owners for User Charge setting by NGESO
Section F (see also Schedule 3)	Communications and Data
Section G3	Nuclear Installations
Section J	Interpretation and Definitions
Section K	Technical, Design and Operational Criteria and Performance requirements for Offshore Transmission Systems
Schedule 3	Information and Data Exchange Specification
Schedule 4	Criteria for Assessing Those Transmission Systems Affected by a Construction Project
Schedule 10	Charges

Timeline for CM086– Standard Governance - Workgroups

Milestone	Date	Milestone	Date
Proposal Presented to Panel	14 December 2022	Workgroup Report issued to Panel	19 September 2023
Workgroup 1 – Understand / discuss proposal and solution, note the scope and identify any possible alternative solutions, agree timeline and review terms of reference, agree next steps.	24 January 2023	Panel sign off that Workgroup Report has met its Terms of Reference	27 September 2023
Workgroup 2 – Refresher: review and agree timeline and Terms of Reference, Review/Develop solution(s) and legal text, identify/assess possible alternatives.	1 March 2023	Code Administrator Consultation	09 October 2023 – 30 October 2023
Workgroup 3 – Develop Solution(s), review of legal text and alternatives	28 March 2023	Draft Final Modification Report (DFMR) issued to Panel	21 November 2023
Workgroup 4 – Finalise solution, consider / finalise alternatives, draft consultations questions	25 April 2023	Panel undertake DFMR recommendation vote	25 November 2023
Workgroup 5 – Finalise consultation questions, review consultation report	24 May 2023	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	29 November - 06 December 2023
Workgroup Consultation	05 June 2023 – 05 July 2023	Final Modification Report issued to Ofgem	11 December 2023
Workgroup 6 - (Post Workgroup Consultation) – Review / assess Workgroup consultation responses and Workgroup Report.	18 July 2023	Ofgem decision	TBC – Required by Q4 2023
Workgroup 7 – Discuss and finalise solution and consider any alternatives	15 August 2023	Implementation Date	10 working days after Ofgem decision
Workgroup 8 – Finalise solution(s) and legal text, agree that Terms of Reference have been met, Review Workgroup Report and hold Workgroup Vote	12 September 2023		

CM086 – Asks of the Work Group/ Further Work

- Review merit of proposed modifications and their effectiveness
- Propose SMEs to support development of modifications
- Consideration of further work required

Any Questions?





Upcoming workgroup structure and topics

Workgroup member discussion

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AOB & Next Steps

Ruth Roberts— National Grid ESO Code Administrator