

# CM087 - Introducing Connections Process to facilitate Competitively Appointed Transmission Owners

**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

# CM087 - 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 CM087

- 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.

# CM087 'CATO – TO Connections Process' Mod

- The ESO is raising new mod CM087:
- To facilitate the creation of a TO-(CA)TO Connections process
- 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

# CM087 'CATO – TO Connections Process' Mod 3 Options

- A new STCP process based on the existing Connections Offer Process STCP 18.1 using a Transmission Owner Connection Offer (TOCO) amended to facilitate a TO-TO connection based upon the early OFTO process.
- A bespoke connection process featuring two bilateral agreements, one between the ESO and a CATO (site-specific requirements) and another between the CATO and the incumbent TO for the connection.
- Utilise reinforced Section D Part 1, 2.3- Co-ordination of Transmission Investment Planning and amended STCP 16.1- Investment Planning, with checkpoints and milestones.

All options above require STCP 23.2 creating to model 23.1 OFTO Party Entry Process with required deviations

# CM087 Legal Text Changes

Please note the following points of guidance regarding the legal text changes. **This is not an exhaustive list of the changes.**

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 potential areas for change are listed below on the assumption that CATO will be introduced as a sub-category of Onshore Transmission Licensee. Areas and extent of the STC amended will differ dependent upon the option chosen.

Section(s)	Title
Section C2.2 (Part 3)	Commissioning and on-load testing of User Equipment
Section C3.3 (Part 3)	Requirement to enter into interface agreement
Schedule 15	Transmission Interface Agreement
Section D Part 1	Planning & Coordination
Section D2.2 (Part 2)	NGESO Construction Application
Section D7.1	General Provisions Concerning New Connections and Modifications
Section D8 (Part 2)	Offshore Transmission Construction Securities
Schedule 5	NGESO Connection Application
Schedule 5	ESO Connection Applications
Schedule 7	System Construction Applications

Section(s)	Title
STCP 16.1	Investment Planning
STCP 18.1	Connections and Modification Application
STCP 23.1	Offshore Party Entry Process
STCP 19.3	Operational Notification & Compliance Testing
STCP 19.4	Commissioning and Decommissioning
STCP 19.5	Offshore Transmission System Compliance Process Testing

# Timeline for CM087– 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		



# CM087 – 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**