

STC Modification Panel Minutes: 14 December 2022

STC Modification Panel Minutes: Meeting Number 207

Date: 14 December 2022 **Location:** Microsoft Teams

Start: 10:00am **End:** 11:50

Participants

Attendee	Initials	Company
Sally Musaka	SM	Chair, Code Administrator, National Grid Electricity System Operator (NGESO)
Rashpal Gata-Aura	RGA	Tech Sec, Code Administrator, National Grid Electricity System Operator (NGESO)
Catia Carvalho Gomes	CG	Code Administrator, National Grid Electricity System Operator (NGESO) Observer
Ruth Roberts	RR	Code Administrator, National Grid Electricity System Operator (NGESO) Observer
Antony Johnson	AJ	National Grid Electricity System Operator (NGESO)
Kwaku Nti	KN	National Grid Electricity System Operator (NGESO)
Jamie Webb	JW	National Grid Electricity System Operator (NGESO)
Alastair Grey	AG	National Grid Electricity System Operator (NGESO)
Steve Baker	SB	National Grid Electricity System Operator (NGESO)
Deborah Spencer	DS	National Grid Electricity System Operator (NGESO) Observer
Neil Sandison	NS	Scottish Hydro Electric Transmission plc. (SHET)
Michelle MacDonald Sandison	MMacDS	Scottish Hydro Electric Transmission plc. (SHET)
Richard Woodward	RWO	National Grid Electricity Transmission (NGET)
Milorad Dobrijevic	MD	Scottish Power Transmission plc. (SPT)

Mike Lee	ML	Offshore Transmission Owner (OFTO)
Joel Matthews	JM	Offshore Transmission Owner (OFTO)
Nadir Hafeez	NH	Authority Representative
Apologies	Initials	Company
Nicola Bruce	NB	National Grid Electricity System Operator (NGESO)

1. Introductions and Apologies for Absence

6147. Apologies were received from Nicola Bruce.

2. Approval of Minutes from Previous Meeting

6148. The Panel approved the minutes from the meeting held on 30 November 2022 . (**Post Panel note:** The minutes are now available on the National Grid ESO [website](#).)

3. Review of Actions

6149. The Panel reviewed the open actions from the meeting held on 30 November 2022 which can be found on the [Actions Log](#) within the Panel Papers.

6150. The Chair advised the Panel that **Action 6132** would remain open as the minutes from the JPC meeting held in November 2022 were not yet available.

4. Authority Decisions

6151. NH advised the Panel that the decisions on **CM078** and **CM080** remain on course for 31 January 2023, and expected that **CM084** to be mid-February 2023, whilst the decision date on **CM085** is still to be considered.

5. STC/STCP Modification Proposals for Panel Decision

6152. The Chair advised the Panel that two new modifications had been received for December 2022 Panel, Critical Friends checks had been completed by the Code Administrator team and invited the Proposer to present:-

- **CM086 – “Introducing Competitively Appointed Transmission Owners & Transmission Service Providers”**
- **CM087 – “Introducing Connections Process to facilitate Competitively Appointed Transmission Owners”**

6153. GS presented to the Panel starting with some background that The **Energy Security Bill** was introduced to Parliament on 6 July, which made provisions to enable competitive tenders in onshore electricity networks.

- BEIS indicated that, through the introduction of competition, consumers could see savings of up to £1 billion on projects tendered over the next ten years.
- **CM086** modification seeks 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 had 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 **CM086 and CM087** modifications would enable both early and late competition and were based upon the assumption that CATOs will be granted a Transmission Licence and will be categorised as Onshore Transmission Licensees.

6154. AG continued regarding **CM086 'Introducing CATO' Mod & CM087 'CATO – TO Connections Process' Mod** that:-

- The ESO had raised two new modifications:
 - the first to introduce Competitively Appointed Transmission Owners (CATOs) to the STC and
 - the second to facilitate the creation of a TO-(CA)TO Connections process as presently there was no formal prescriptive process in the STC to facilitate this. It was considered that options need to be explored and work in a consultative way with the STC Panel to look at the barriers and limitations of the three options which the various stakeholders had presented; 1) was the early OFTO connection model which leads on the TOCO process, 2/3) options were to use the **Section D** of the STC Part One 2.3 **Co-ordination of Transmission Investment Planning** and principals that are part of this section.
- The legal text changes were 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 refer to CATO were also being made as part of the work to introduce the concept of CATO. For the CATO connection process creation of possibly two new STCPs –**18.1** and **23.1/2**.
- The proposed code changes formed 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 ESO meet their decarbonisation targets at the lowest cost to consumers.

6155. SB directed the Panel to the slides listing the sections of Legal text for **CM086 and CM087** and highlighted that these were not exhaustive lists of the changes and requested Panel members review the legal text for both modifications.

6156. SB advised the Panel to note that the objective of these modifications was to implement minimum changes to the STC to facilitate the introduction of CATOs to ensure continued operability of the Grid Code arrangements.

6157. The changes listed were made on the assumption that CATO would be introduced as a sub-category of Onshore Transmission Licensee.

6158. Reference to the legal text for both modifications can be found within the [Panel Slides](#) along with the timeline.
6159. GS directed the Panel to a visual high level slide illustrating the timeline of when the modifications had been raised and the progression of the modifications for Grid Code, CUSC, SQSS and STC.
6160. The two STC modifications had been raised at the December 2022 STC Panel and the third modification would be raised in March 2023 possibly, in connection with works on establishing the obligations of CATOs in completing additional works on their system.
6161. GS continued to present the timeline regarding these modifications and highlighted that extensive work group engagement will be needed. The first Work group meeting was scheduled for 24 January 2023.
6162. RW advised that he envisaged a considerable amount of disruption to the STCPs whilst the slide indicates editorial changes and to reflect an additional entity being subject to some of the provisions. In his view some of the STCPs will have added complexity material additions because of the interface to TOs.
6163. GS stated that from the CATO connections, potentially there will be a need to create a new **STCP – 18.1** connection and modification process being expanded and extensive detail and deviation from the current process and also the **23.1** potentially will need a new CATO added and a new process created for that along with other e.g. **19.3** and **19.4 Operational Notification and Compliance Testing and Commissioning and Decommissioning**.
6164. GS reiterated that there will potentially be band new STCPs required as part of the process as they would seem to be an essential requirement. The new STCPs will be looked at as part of this work as they will be crucial to the process needed/modifications being brought forward.
6165. RW questioned whether Ofgem would receive the full package regarding the new STCPs being created, as presently the governance rules indicate any change to the STCPs is agreed at Panel or by STC parties.
6166. GS confirmed that the full package would be presented to Ofgem for approval and Ofgem would be consulted throughout the process.
6167. MD confirmed that SPT were happy to proceed and thanked ESO for the early engagement and the level of information and briefings have been exemplary up to date and would like to see this continue through 2023.
6168. MD raised a question regarding the impact assessment through which BEIS arrived at their projection that Network Competition would achieve £1bn in savings on projects tendered on the transmission system over the next ten years.
6169. AG provided the link to the impact assessment (published July 2022) which can be [found here](#).
6170. NS indicated that whilst their interest was in changes to operational codes fundamentally **19.4**, consideration needs to be given when the working groups are set up that the right people are involved who have expertise in the correct areas.
6171. GS confirmed that ESO were looking to make minimal changes and the team would work with the STC Panel to ensure there were no unintended consequences and that nothing had been missed.

6172. RW requested that the ESO/Code Administrators provide some form of structure on the subject matter to enable the TOs to be able to consider that the people attending the work groups had expertise in the subject matter.
6173. GS confirmed that ESO would ensure to provide the relevant details to enable the TOs to identify their colleagues who are most appropriate to join the meetings.
6174. RW questioned how many alternates besides one primary alternate would be deemed as acceptable whilst appreciating that he would ultimately carry out the vote on behalf of NGET.
6175. RR advised that previously in CUSC and Grid Code various SMEs in subject matter had attended work group meetings as and when required and the vote had been undertaken by the work group member only.
6176. NS advised that from his knowledge, working groups don't have a limit on the number of alternates, it had been very helpful in the past to have SMEs on the subject matter present and get their contribution to reach the correct solution.
6177. RW confirmed that he would possibly need 5/6 SMEs in specific subject matter to represent NGET at various points of the process.
6178. RW also confirmed that in accordance with the governance rules, quoracy was that employees of the same company were considered as "one workgroup member". It would appear that there was no limit on the number of people sent to the work group as long as one person votes at the end.
6179. JW advised the Panel that conversations in the ESO had already taken place as to how this process would to be managed. From the feedback received, ESO were looking to manage these modifications concurrently to ensure that they were progressed together so that one modification does not reach a point where it has to wait for the second modification to catch up as this would not work.
6180. RR advised that she would be the Chair for the STC modifications, had supported on the CUSC modification and will also be supporting on the SQSS modification with Catia Carvalho Gomes as the Chair. It was hopefully with this consistency for chairing, Code Administrator would not only be able to pick up those SMEs and expertise but also will understand the timelines accordingly and work collaboratively with all involved to ensure that the modifications moved at the right pace and aligned timelines accordingly based on stakeholder feedback.
6181. RR addressed the Panel that the expectation would be that the work group nominations will open 19 December 2022 and close 12 January 2023.
6182. RR advised that she would share the nomination link with the Grid Code work group to make them aware if they were eligible to nominate for the STC Work groups. A meeting would be set up with GS and his team post nominations to see how to structure from work group 1 onwards as suggested to enable targeted timelines so that individual companies will be aware who would be required at each meeting.
6183. ML raised a concern regarding having long work group meetings on Microsoft Teams, stating that engagement could be lost.
6184. RR advised that the intention would be to hold one work group meeting in the morning from 09:30am to 12:30pm and the second work group in the afternoon from 13:30pm to 16:30pm.

6185. ML suggested that there should be the option to have these work groups virtually and in person with no obligation on anyone to attend in person at Faraday House, Warwick.
6186. RR confirmed this was a possibility if that was what the Panel preferred.
6187. MD confirmed that in person meetings encouraged effective and engaged discussions. MD also requested that the diary dates for 2023 should be sent out soon to enable businesses to circulate them internally so that the SMEs who will/might be supporting the Panel members on the discussions could also be available when required.
6188. RR confirmed that dates would be sent out post December 2022 STC Panel to the relevant ESO teams and all Panel members considering that these were very significant modifications. Once the nominations were through then any SMEs can be added as required.
6189. The Chair addressed the Panel and sought their views on **CM086** and **CM087** work groups running concurrently.
6190. The Chair continued with the ask of the Panel:-
CM086 and CM087
- **AGREE** that these modifications met Standard Governance Criteria (Ofgem decision)
 - **AGREE** that these Modifications should proceed to Standard Governance with a Workgroup. Can **CM086 and CM087** modifications run concurrently?
 - **AGREE** Terms of Reference
 - **NOTE** the proposed timeline
6191. The Panel unanimously agreed that **CM086** and **CM087** should follow the Standard Governance route (with workgroups), the Terms of Reference (Objective D to be further developed in the work group) were approved, and Panel noted the timelines and nominations will run from 19 December 2022 to 12 January 2023. It was also agreed by Panel members that **CM086 and CM087** modifications should run concurrently.

6. Draft STC/STCP Modifications

6192. The Chair advised the Panel that no draft modifications had been submitted to December 2022 Panel.

7. Inflight Modification Progress

6193. The Chair advised the Panel that there was an update for *PM0128 – Implementation of the Electricity System Restoration Standard in relation to (GC0156)* and invited Tony Johnson to continue please see [Panel Slides](#) for more details.
6194. TJ continued to summarise as below:-
- Special Condition 2.2 of National Grid’s Electricity System Operator’s Transmission Licence, the Electricity System Restoration Standard (ESRS) was introduced in October 2021 and requires
 - a) 60% of electricity demand being restored within 24 hours in all regions;

and

b) 100% of electricity demand being restored within 5 days nationally.

- The purpose of this direction was to require that the ESO
 - a) Ensures and maintains an electricity restoration capability; and
 - b) Ensures and maintains the restoration timeframe.
 - c) Replace the definition of “Black Start” with “Electricity System Restoration”
- The aim was to restore the system and supplies as quickly as possible in the most economic manner.

6195. TJ advised the Panel of the proposed high level Grid Changes which can be viewed on the slides pack with [Panel papers](#).

6196. TJ advised of the proposed STC changes:

- As part of this process some changes would be required to the STC and STCP’s most of which were consequential.
- These were minor as most of the changes apply to “Users” through the Grid Code and Distribution Code
- **STC Changes**
 - Section C (Transmission Services and Operations) – Section C Part Three, Item 5, Item 6
 - Section J (Interpretation and Definitions) – Change definitions in particular Black Start
 - Schedule 2 (List of Code Procedures) – Change name of STCP 06-1 to “System Restoration”
 - Schedule 3 (Information and Data Exchange Specification) - Introduction of Distribution Restoration Zone Plans

6197. TJ advised that for the STCP changes to refer to the slide pack with the [Panel papers](#) and that there could possibly be others also.

6198. TJ continued with the main changes expected:

- These followed from those developed in the Grid Code both for **GC0148** (Implementation of Emergency and Restoration Code Phase II) and **GC0156**
- **Main features**
 - Introduction of Distributed Re-Start and Distributed Restoration Zones
 - Changes to permit Restoration from Offshore Transmission Systems
 - Introduction of enhanced Critical Tools and Facilities – i.e. the ability to operate critical systems and assets during a System Shutdown or Partial Shutdown including data and communications systems
 - Introduction of an Assurance process including regular testing, desk top exercises and reporting including confirmation of successful plant running when site supplies are restored.

- Greater consistency between Local Joint Restoration Zone Plans and Distribution Restoration Zone Plans
- Cyber Security requirements to Security of Network and Information System (NIS) Regulations
- Changes to protection and control settings to permit Restoration
- Changes to Grid Code OC9
- Definition of Black Start changed to System Restoration
- The **GC0156** Consultation runs from 21 November 2022 – 30 December 2022
- The ESRS aims to ensure there is a good level of confidence that the Industry has sufficient tools in place to restore the System as quickly as possible should a Partial or Total System Shut down occur whilst acknowledging this is against intact and operable System Conditions
- The proposed STC changes would be consistent with those drafted for the Grid Code

6199. TJ confirmed to the Panel that both Grid Code and the STC modifications would go to Ofgem together and that **PM0128** was nearly completed.

8. Code Administrator Update

6200. No Update.

9. Potential Future Modifications

Modification Tracker and Horizon Scan

6201. The Panel reviewed the STC Modification Tracker. The amendments to this tracker can be found within the [Panel papers](#).

Authority Update: Energy Code Reform/SCR

6202. NH updated the Panel regarding the Code Governance Reform Review. He advised that the Energy Bill was on track and would be driven forward in Parliament in the coming session. Ofgem were aiming to publish an Energy Code Reform Call for input ahead of the Christmas moratorium 14 December 2022.

6203. NH continued that Ofgem were seeking initial views from all interested stakeholders on potential code consolidation as part of Ofgem's approach to implementing the reforms. Ofgem were also seeking views on the content of the code manager licence conditions, and the role of stakeholders in the new governance framework. Ofgem were inviting initial views on the role of stakeholders in the new code governance framework.

6204. NH advised the Panel that regarding the Access SCR implementation, Ofgem had received four DCSUA modifications for decision which were which were still in the process of being reviewed.

10. Reports from Sub- Committees

Joint Planning Committee – JPC

6205. JPC minutes from November meeting were not yet available and will be circulated when received.

Network Access Policy Workgroup – NAP

6206. MD advised the Panel that the December 2022 NAP meeting was taking place the same time as the STC Panel meeting (14 December 2022) and that Martin Cammidge was attending. Martin would provide the update on NAP at the January 2023 Panel.

11. Any other Business

6207. JW updated the Panel that **GC0141 WACMG14** had been approved by Ofgem on the 12 December 2022. Work was being done and it had been noted that there would be an impact on STC and STCPs for OFTOs. The proposed changes have already been shared with the OFTO representatives. However, the aim was to bring the full details of the impacts to the STC Panel to January 2023.
6208. JW updated the Panel on **CMP315/375** (review of the Expansion Constant factors), advising that there were three variants that had been discussed by the work group that now needed input from the TOs for additional data in order to calculate draft tariffs to assess the impact of each variant.
6209. JW advised that NGET had been assisting with this request (ESO met with NGET on 13 December 2022 to discuss this in further detail and whilst the Scottish TOs were invited to this call, they could not attend) There had been issues getting any response from SP and SHET. Gareth Hislop at SP and David Bowland from SHET were on the work group for the CUSC modification. The work group cannot vote on these variants until the analysis had been completed and Ofgem were keen for this to progress. There will be STCP changes required as a result of this modification (**PM0124**) and these drafts will be shared with the TOs prior to presenting to Panel.
6210. MD advised that he would have a conversation with Gareth Hislop to get in touch regarding this matter.
6211. MD advised the Panel that whilst he would be stepping down as STC Panel member with effect from January 2023 and **Martin Cammidge** his replacement would be stepping up as Panel member for Scottish Power Transmission plc (SPT), Martin was not able to join December 2022 Panel to make his introduction due to prior commitments.
6212. MD advised he would be attending the January 2023 Panel along with Martin Cammidge and that Gareth Hislop would remain the alternate.
6213. The Chair advised that this was her last Panel and her replacement going forward had not yet been confirmed. Paul Mullen would be chairing the January 2023 STC Panel and going forward on an interim basis and as soon as a permanent chair is appointed, the Panel would be advised.

Date of next meeting

6214. The next STC Panel meeting will be held on **Wednesday 25 January 2023**

6215. New Modification Proposal date **Tuesday 10 January 2023**

6216. Panel papers day **Tuesday 17 January 2023**