

STCP 11.4 Enhanced Service Provision

STC Procedure Document Authorisation

Company	Name of Party Representative	Signature	Date
National Grid Electricity System Operator plc <u>The Company</u>			
National Grid Electricity Transmission plc			
SP Transmission plc			
Scottish Hydro-Electric Transmission plc			
Offshore Transmission Owners			

STC Procedure Change Control History

Draft 001	09/05/2016	Initial draft prepared by MD
Draft 002	15/01/2017	Update original draft - MD
Draft 003	27/03/2017	Updates received from NGET & SHETL

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Draft 004	17/05/2017	Updates received from SPT, NGET & SHETL. Appendices also amended
Draft 004.1	25/05/2017	Further updates received from SPT & NGET
Draft 004.2	07/08/2018	Further comments from NGET & SHETL
Draft 004.3	29/09/2018	Further comments from the NAP panel
Final	08/10/2018	All comments updated into document
Issue 001	01/04/2019	Implementation
Issue 002	01/04/2021	Incorporating PM0118
<u>Issue 003</u>	<u>X/X/2023</u>	<u>Issue 003 incorporating use of 'The Company' definition as made in the STC</u>

1 Introduction

1.1 Scope

- 1.1.1 This procedure describes the processes associated with ~~the Electricity System Operator (ESO)~~ The Company, as defined in the STC and meaning the licence holder with system operator responsibilities, buying a service from an –Onshore Transmission Owner (TO), where this service will have been identified as having a positive impact in assisting ~~the ESO~~ The Company in minimising costs on the GB Transmission network. This procedure reflects the requirements of ~~NGESO~~ The Company's Electricity Transmission Licence Special Condition 4.
- 1.1.2 This procedure will cover works associated with Commercial Operational services and Joint Works projects as defined in ~~NGESO~~ The Company licence special condition 4.
- 1.1.3 This procedure applies to ~~the Electricity System Operator (ESO)~~ The Company and each Onshore Transmission Owner (TO) as defined in STC Section J Clause 3. For the avoidance of doubt this document, the TOs are:
- SP Transmission Plc
 - Scottish Hydro Electric Transmission Plc
 - National Grid Electricity Transmission Plc

1.2 Objectives

- 1.2.1 The objective of this STCP is to specify the process and procedures associated with ~~the ESO~~ The Company buying a service of a TO categorised as either a Commercial Operational Service (COS) or a Joint Works projects (JW), where that service is deemed to have a positive impact in assisting ~~the ESO~~ The Company in reducing system operating costs e.g. constraint costs
- 1.2.2 To meet this objective, this process specifies the following:
- Information exchange required between ~~the ESO~~ The Company and TO identifying projects where this process could apply
 - Process associated with TO service provision “within year” (year 0)
 - ~~ESO~~ The Company responsibilities to record details of any service provision and costs submitted by the TO

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- Responsibility of each TO in preparing and submitting details of the service they will provide and the costs involved
- Quarterly and end of year reporting by ~~the ESO~~The Company

2 Key Definitions

2.1 *The following definitions apply for the purposes of this document:*

- 2.1.1 **Commercial Operational Service (COS)** as defined in ~~NGES~~ESQThe Company SLC4J and means a service provided to ~~the-ESQ~~The Company by National Grid Electricity Transmission plc, SP Transmission plc, Scottish Hydro Electric Transmission plc the purpose of lowering the overall costs associated with the procurement and use of balancing services by ~~the-ESQ~~The Company.
- 2.1.2 **Joint Works Project (JW)** as defined in NGET SLC4J and means where ~~the-ESQ~~The Company and the TO agree to a Commercial Operational Service so as to minimise costs on the national electricity transmission system when the costs are higher than £1,146,800 (in 2009/10 prices)
- 2.1.3 **Knock On Works** means an outage or works that will need to change as a direct or subsequent result of a COS or JW and which may or may not itself incur additional costs
- 2.1.4 **TO Commercial Operational Service Estimate** means a forecast of the estimated costs the TO would incur should they initiate a COS or JW on their Transmission network during Year 0 (See appendix B)
- 2.1.5 **TO Commercial Operational Service Provision Cost Estimate** means a pro-forma that will be completed by ~~the-ESQ~~The Company to request the TO to provide a TO Commercial Operational Service Estimate. (See appendix A)

3 Procedure

3.1 *Change to a TO's Outage, Delivery Project or Project Design*

3.1.1 Changes to a TO's outage program, project delivery method or project design may be requested by either the TO or ~~ESQThe Company~~, if the change is deemed to reduce system operating costs and the TO's change costs are acceptable to ~~the-ESQThe Company~~. This procedure is designed to be used in both the Long Term Planning (year 1 – 6) and within year (year 0) timescales. The type of TO Commercial Operational Service offered may include, but is not limited to:

- Temporary bypass circuit breakers or circuits
- Off-line build rather than in-line build
- Temporary Intertripping schemes

3.1.2 Commercial Operational Service requests can be requested by either ~~the-ESQThe Company~~ or the TO. The process by which any extra cost incurred by the TO for any service provided is described below.

3.2 *Within Year (Year 0) – Commercial Operational Service process*

3.2.1 ~~The-ESQThe Company~~ or TO may request a Commercial Operational Service for any outage that is in the plan at week 49 of the year ahead stage or any outage accepted into the current year plan.

3.2.2 If any plan change is identified that will reduce overall system costs, the party raising the change shall contact the other party to discuss the potential change and, where appropriate, any options associated with the change. If following discussion between both parties, and if the TO incurs any extra costs for implementing the change a TO Commercial Operational Service Provision Cost Estimate shall be produced by the TO for submission to ~~the-ESQThe Company~~ using the pro forma in Appendix A. If ~~the-ESQThe Company~~ accepts the TO Commercial Operational Service Provision Cost Estimate ~~the-ESQThe Company~~ will request the TO proceeds with the change request.

3.2.3 The TO will submit a **TO Commercial Operational Service Provision Cost Estimate** covering all relevant cost associated with the change request.

3.2.4 The TO shall submit a **TO Commercial Operational Service Provision Cost Estimate** to ~~the-ESQThe Company~~ that shall be made up of the following forecasted cost:

- A forecast of the direct costs associated with the agreed outage change, project delivery change or design change

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- A forecast of any administrative costs

3.3 ~~ESQ~~The Company & TO Payment Process – Within Year Changes

3.3.1 Commercial Operational Service or Joint Work costs shall be cost reflective and the estimated costs will have been agreed between both parties prior to the outage change taking place. The estimated costs will have been submitted by a TO to ~~the ESQ~~The Company via a **TO Commercial Operational Service Estimate** in the form of the pro-forma in appendix B. At the time of submission of the **TO Commercial Operational Service Estimate** the TO and ~~the ESQ~~The Company will agree a date by which the TO shall submit the invoice

3.3.2 In accordance with STCP 13.1 Invoicing and Payment and Other Charges in Schedule 10 of the STC:

- ~~The ESQ~~The Company shall provide a purchase order number to the TO when approving the Commercial Operational Service or Joint Work costs request
- The TO shall issue an invoice to ~~the ESQ~~The Company quoting the appropriate ~~ESQ~~The Company purchase order number
- The TO invoice will also quote the Unique Works Identifier Code used in the Commercial Operational Service or Joint Work costs Pro forma

3.3.3 On completion of the Commercial Operational Service or Joint Work the TO will despatch the invoice to recover the costs by the date agreed and specified in accordance with the **TO Commercial Operational Service Estimate**. All invoice dates will be no later than the 30th April immediately following the Financial Year for which the works relates and would normally be no later than 2 months after the latest date involving the Commercial Operational Service or Joint Work costs

3.4 Planning Years (Year 1 – 6) – TO service provision Long Term process

3.4.1 The Electricity System Operator or Transmission Owner in the Long Term planning phase may request a project design change, a project outage delivery change e.g. off line build rather than in line build or any other change to a program of work being carried out on a TO's network that if designed and/or delivered differently from what was agreed at start of the RIIO-T1 period could produce significant system operating cost savings. Examples of these types of changes are listed below.

- Design changes to future proof the network that cannot be funded under the TO's regulatory allowance
- Design changes – Offline build of key network nodes rather than inline build.
- Accelerated working by the TO – Compressing a 4-month outage into 3 months requires to be done in the long-term planning period.
- Building contingency circuits

3.4.2 Due to the complexity in delivering some of the examples shown in section 3.4.1 the costs submitted by the TO could be substantial therefore a Joint Works project will be triggered were costs are in excess of the COS term as defined in ~~NGESQ~~The Company standard licence condition 4J. A Joint Works project will follow the process defined in NGET standard licence condition 4J which will require regulatory approval. If the costs are less than the COS value ~~the ESQ~~The Company can sanction the spend.

3.4.3 A request by either party to investigate the possibility of a project \ outage change as described in section 3.4.1 can be made verbally or in writing with it formally being initiated via a TO Service Provision Proposal form as shown in the pro-forma in Appendix B

3.4.4 If any outage change, project delivery change or design change is identified by either ~~the ESQ~~The Company or TO in the Long Term Planning time frames the party raising the change shall contact the other party to discuss the potential change and, where appropriate, any options associated with the change. If following discussion between both parties, and if the TO incurs any extra costs for implementing the change a **TO Commercial Operational Service Estimate** shall be

produced by the TO for submission to ~~the ESO~~The Company using the pro forma in Appendix B. If the estimated costs are less than the COS value and ~~the ESO~~The Company accepts the proposals ~~the ESO~~The Company will request the TO proceeds with the change request.

- 3.4.5 If the estimated costs are greater than the COS value ~~the ESO~~The Company shall inform OFGEM of the proposal and seek to gain their approval of the project change and a funding increase to the STCP 11.4 budget should it be required. If OFGEM agrees to the proposal ~~the ESO~~The Company will inform the TO and the TO will then proceed with the change request. Rejection of the proposal will be communicated back to the TO by ~~the ESO~~The Company along with an explanation from OFGEM

3.5 ~~ESO~~The Company & TO Payment Process – Long Term Changes

- 3.5.1 On completion of the works specified in the **TO Service Provision Cost Estimate** and in which the TO's costs will have been identified the TO will submit an invoice
- 3.5.2 Commercial Operational Service or Joint Work costs shall be cost reflective and the estimated costs will have been agreed between both parties prior to the outage change taking place. The estimated costs will have been submitted by a TO to ~~the ESO~~The Company via a **TO Service Provision Cost Estimate** in the form of the pro-forma in appendix B. At the time of submission of the **TO Service Provision Cost Estimate** the TO and ~~the ESO~~The Company will agree a date by which the TO shall submit the invoice
- 3.5.3 In accordance with STCP 13.1 Invoicing and Payment and Other Charges in Schedule 10 of the STC:
- ~~The ESO~~The Company shall provide a purchase order number to the TO when approving the Commercial Operational Service or Joint Work costs request
 - The TO shall issue an invoice to ~~the ESO~~The Company quoting the appropriate ~~ESO~~The Company purchase order number
 - The TO invoice will also quote the Unique Works Identifier Code used in the Commercial Operational Service or Joint Work costs Pro forma

4 Commercial Operational Service and Joint Works Cost Monitoring

4.1 TO

- 4.1.1 Each TO shall monitor all variable Cost Estimates submitted by that TO to ~~the ESO~~The Company for which out-turn has not yet been achieved
- 4.1.2 Each month the TO shall inform ~~the ESO~~The Company in writing of any significant change or potential significant change to the Outage Change Cost Estimates. A significant change is a change that differs to the last value given to ~~the ESO~~The Company by the greater of either 10% of the previous value or a change in excess of £10000

4.2 ~~ESO~~The Company

- 4.2.1 ~~The ESO~~The Company shall maintain a record of all Commercial Operational Service and Joint Works requests made, Cost Estimates and Actual Costs.

Appendix A: TO Commercial Operational Service Provision Cost Estimate.

Date Issue No.

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Activity	Input	Notes
Works information - completed by <u>NGESOThe Company</u>		
Name of Requester		Name of <u>NGESOThe Company</u> engineer requesting the change
Unique Works Identification Code		
Works description		Works description
Date		Date request made by <u>NGESOThe Company</u>
Service Provision		Description of the required service the <u>ESOThe Company</u> would like the TO to
Indicative delivery date and time		<u>NGESOThe Company</u> shall give indication of a new proposed start and end date of the
Any additional information		Any additional information that <u>NGESOThe Company</u> feel will be useful to enable the TO to cost the outage
Receipt information - completed by TO		
Date received by TO		Date Works request received by TO
Name of TO Representative		
TO reference number		

Appendix B: TO Commercial Operational Service Estimate

Service Cost Estimate (complete this section on page 1 only)

Date Issue No Page of

From Name & Company		Name & Company of person submitting estimate
Unique Works Identification Code		
Works Cost Estimate	£	Total cost of Works
Works Invoice date		Normally no later than 2 months after latest date involved in Works

Works Costs for

Activity	Input	Notes
Outage information - completed jointly by TO / <u>NGESO</u>The Company		
Brief description of TO Service being provided		
Date of the request		Date Works \ Service request made by <u>NGESO</u> The Company
Unique Works Identification Code		
Cost information - completed by TO		
Total Works Costs	£	Total TO cost of Works
Decision information - completed by <u>NGESO</u>The Company		
Date received by <u>NGESO</u> The Company and by whom	<u>NGESO</u> The Company	Date cost information received by <u>NGESO</u> The
Decision	Approve / Cancel *	<u>NGESO</u> The Company approve or cancel the
<u>NGESO</u> The Company Order		Order number for approved Works
Confirmed to TO Date and name (<u>NGESO</u> The Company)	<u>NGESO</u> The Company	Date decision confirmed to the TO and by whom