

# STC Modification Panel Minutes: 22 February 2023

## STC Modification Panel Minutes: Meeting Number 209

**Date:** 22 February 2023 **Location:** Microsoft Teams

**Start:** 10:00am **End:** 12:00pm

### Participants

Attendee	Initials	Company
Ruth Roberts	RR	Chair, Code Administrator, National Grid Electricity System Operator (NGESO)
Rashpal Gata-Aura	RGA	Tech Sec, Code Administrator, National Grid Electricity System Operator (NGESO)
Sarah Carter	SC	Code Administrator, National Grid Electricity System Operator (NGESO) Observer
Banke John-Okwesa	BJO	National Grid Electricity System Operator (NGESO) Observer
Tony Johnson	TJ	National Grid Electricity System Operator (NGESO)
Rob Wilson	RWI	National Grid Electricity System Operator (NGESO)
Alastair Grey	AG	National Grid Electricity System Operator (NGESO)
Llewellyn Hoenselaar	LH	National Grid Electricity System Operator (NGESO)
Kwaku Nti	KN	National Grid Electricity System Operator (NGESO)
David Halford	DH	National Grid Electricity System Operator (NGESO)
Paul Mott	PM	National Grid Electricity System Operator (NGESO)
Girsh Pudaruth	GP	National Grid Electricity System Operator (NGESO)
Tony Castelino	TC	National Grid Electricity System Operator (NGESO)
Stephen Baker	SB	National Grid Electricity System Operator (NGESO)
Keith Jones	KJ	National Grid Electricity System Operator (NGESO)
Neil Sandison	NS	Scottish Hydro Electric Transmission plc. (SHET)

Michelle MacDonald Sandison	MMacDS	Scottish Hydro Electric Transmission plc. (SHET)
Harriet Eckweiler	HE	Scottish Hydro Electric Transmission plc. (SHET) Observer
Martin Cammidge	MC	Scottish Power Transmission plc. (SPT)
Richard Woodward	RW	National Grid Electricity Transmission (NGET)
Mike Lee	ML	Offshore Transmission Owner (OFTO)
Joel Matthews	JM	Offshore Transmission Owner (OFTO)
Nadir Hafeez	NH	Authority Representative
<b>Apologies</b>	<b>Initials</b>	<b>Company</b>
Nicola Bruce	NB	National Grid Electricity System Operator (NGESO)
Ian Bottomer	IB	National Grid Electricity Transmission (NGET)
Jamie Webb	JW	National Grid Electricity System Operator (NGESO)

### 1. Introductions and Apologies for Absence

6134. Apologies were received from Jamie Webb, Nicola Bruce and Ian Bottomer.

### 2. Approval of Minutes from Previous Meeting

6135. The Panel approved the minutes from the meeting held on 25 January 2023 (**Post Panel note:** The minutes are now available on the National Grid ESO [website.](#))

### 3. Review of Actions

6136. There were no actions from the January 2023 Panel meeting.

### 4. Authority Decisions and Update

6137. Authority decision on **CM084 - Clarify STCP modification approach for cross-code changes** was received on 31 January 2023 and the modification was implemented 14 February 2023.

6138. NH advised the Panel of the decisions expected on the STC modifications: -

- **CM078 - Connections Triggering Distribution Impact Assessment** – Decision will be in line with **CMP328** which has been sent back for rework/clarification. **CMP328** modification will be discussed at the CUSC Panel on 24 February 2023 for the Panel members to agree next steps and the workgroup to reconvene to consider the points raised by Ofgem.
- **CM080 - Transmission Impact Assessment process** - Expected date of decision remains 28 February 2023, which is in line with the associated CUSC Modification (**CMP298**).
- **CM085 - To clarify OFTO reactive power requirements at <20% output** – Expected date of decision is 31 March 2023.

6139. No update was provided on the SCRs/Energy Code Review.

## 5. New STC/STCP Modification Proposals for Panel Decision

6140. The Chair advised that two new modifications had been received for February 2023 Panel.
6141. TJ was invited to present **CM089 -“Implementation of the Electricity System Restoration Standard” & PM0128- “Implementation of the Electricity System Restoration Standard”**
6142. TJ advised much progress had been made on the **GC0156** following extensive discussions. The final version should be available by 3 March 2023 and the workgroup will ensure that the legal text has been narrowed down before the consequential changes are made to the STCs hence why the whilst the papers were available, the legal text was not.
6143. TJ informed that the STC modification was proposed first and then follow on with the STCP modification where there will be some materiality.
6144. TJ reiterated that 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 required;
- a) 60% of electricity demand being restored within 24 hours in all regions;
  - b) 100% of electricity demand being restored within 5 days nationally.
6145. TJ continued that 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 “System Restoration”
- The aim was to restore the system and supplies as quickly as possible in the most economic manner.
6146. TJ talked through the proposed high level Grid Code, STC/STCP changes, further details can be found within the slide pack with the [Panel papers](#).
6147. TJ mentioned that as part of this process some changes will be required to STC/STCP’s, most of which are consequential. Some of the modifications to the STCPs (especially STCP 06-1) will be material as it will introduce the concept of Offshore Local Joint Restoration Zone Plans as well as Distribution Restoration Zone Plans.
6148. TJ highlighted that the proposed **STC** changes would be:
- 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

**The expected STCPs changes:**

- STCP 04-5 (Operational Telephony)
- STCP 04-6 (Offshore Datalink Functional Specification for Telecontrol Communications Interface)
- STCP 06-1 (Black Start) - ***this would be the main one and the rest were more consequential and minor***
- STCP 06-2 (De-Synchronised Island Management)
- STCP 06-3 (System Incident Management)
- STCP 06-4 (Contingency Arrangements)
- STCP08-1 (Protection Testing)
- STCP08-3 (Operational Tests and System Tests)
- STCP08-4 (User Tests)
- STCP 08-3 (Operational Tests and System Tests)
- STCP 11-1 (Outage Planning)
- STCP 11-2 (Outage Data Exchange)
- STCP16-1 (Investment Planning)
- STCP 18-1 (Connection and Modification Application)
- STCP 19-3 (Operational Notification and Compliance Testing)
- Others possibly

6149. The Chair advised that following the critical friend checks the ask of the Panel was:

- Panel to advise on the modification route for STCP (considering the materiality of some of the changes).
- Workgroup constituted for STC modification to run alongside **GC0156**.

6150. TJ advised the Panel that Ofgem preference was to have the whole package which would also include the CUSC and the SQSS modifications.

6151. The Chair apologised to the Panel regarding the timeline in that the two dates prior to 1 March 2023 were not in sync, however the remaining timeline was as presented, and the error would be corrected.

6152. TJ advised that an update was being provided to the Grid Code Development Forum on the 1 March 2023 on the position of **GC0156** to address stakeholders’ queries, concerns, timeline, and next steps.

6153. The Chair advised that if the Panel agreed on the Standard Governance route, the nominations could be issued on 24 February 2023 for 15 days following which the workgroups would commence and a revised timeline would be shared.
6154. RW questioned why there was much emphasis to work at a pace when the implementation date was December 2026?
6155. TJ replied that this was seen as a particular issue for generators; however, the view was that the modification was required sooner rather than later to give stakeholders clarity what obligations had to be met, allowing them time to put the processes and equipment in that was necessary to meet the standard by December 2026.
6156. The Chair clarified that whilst the standard for implementation was 10 days following Authority Decision, the requirement was by 31 December 2026.
6157. TJ provided further clarification in that if the Code goes in late 2023 and if there was a Black Start/System Restoration event that happens between 2023 and 2026, ESO would need to ensure the Code works. There were specific dates within drafting of the Grid Code to factor that in as well as working with the tenders' team to ensure the tenders they have lined up, were what's going to be in the Grid Code to enable the whole thing to work together. Many options had been discussed including whether there should be two versions of the Code so that one gets switched off and the other gets switched on. There has been a delay in getting the legal text prepared because there have been many elements from the Grid Code side before work on the STC could be started.
6158. The Chair stated that if the Panel were able to approve the Standard Governance route with workgroups for **CM089**, then the nominations could be sent on 24 February 2024 to get the modification started.
6159. The Chair continued that regarding **PM0128**, that the vote could not be undertaken regarding materiality as the legal text was not available for approval in principal and that would need to be worked upon within **CM089** and then **PM0128** to come back to Panel for approval at a later stage.
6160. The Panel unanimously approved that **CM089** should follow the Standard Governance route with workgroups. (**Post Panel note** nominations for **CM089** issued on 24 February 2023 for 15 days).
6161. The Chair continued that **PM0128** will be incorporated into **CM089** and contingent on the progress of **CM089**, ESO will come back to Panel with the materiality, understanding whether or not it does need a materiality vote and subsequently it will be voted for approval in principal.

## 6. Draft STC/STCP Modifications

6162. The Chair advised the Panel that two draft modifications had been submitted to February 2023 Panel and invited Rob Wilson to present.
6163. RWI provided some background on the proposal advising:
- The Energy Bill that was currently progressing through parliament proposes to establish a Future System Operator (known in the Bill as the Independent System Operator and Planner or ISOP), acting as a trusted voice at the heart of the energy sector.

- To do this it would mean establishing the FSO as a new public body rather than the existing arrangements in which the Electricity System Operator licensed role was fulfilled by National Grid Electricity System Operator Limited (NGESO).
- To facilitate this change it would require amendments to all of the industry codes; many of these changes will be institutional in nature (name changes, updates to references etc) but some may be related to new roles for the FSO.

6164. RWI advised that the proposal was to make minor housekeeping changes to STC and STCPs now to make the FSO transition simpler to implement. Throughout the STC and STCPs, references to NGESO would be amended to 'The Company'. A new/amended definition would be added to the STC to set out that at present 'The Company' means NGESO. The front sheet and revision schedule of each STCP would also be amended to reference 'The Company' and the STC definition.
6165. RWI continued that as the institutional changes to establish the FSO were brought forward, most of the work could then be realised simply through a further amendment to the 'The Company' definition to refer to the new name for the FSO when this was determined.
6166. RWI advised that this method had previously been used in the CUSC and a change to adopt use of 'The Company' was made to the Grid Code at legal separation – but not to the STC which employed a minimum change approach at the time.
6167. RWI proposed for this modification to follow the fast-track self-governance route as no parties were impacted by these changes which are purely facilitative.
6168. RWI stated that sample legal text had been provided and if Panel agreed, this modification could be raised formally at the March 2023 Panel with all the legal text sections completed. If Panel were able to approve fast-track self-governance without further reference or consultation this would enable implementation to follow the normal 15-day appeals window – early/mid-April 2023.
6169. NS saw that whilst this approach had been adopted in other codes, at working levels, control centres communicated with each other and logged who the party represents. Whilst it was adopted in other codes and industry would eventually become familiar with 'The Company', it would seem slightly strange that at the working level it would not be clear which company was working with which company.
6170. RWI replied that similar discussions were had at the Grid Code and CUSC Panels and eventually this approach was adopted and has not caused any problems/issues.
6171. RWI advised that when the FSO is implemented, there will have to be a name change throughout all the codes regardless of how it was done. The reality was that industry will have to get used to the name change and this approach was a different way of achieving it.
6172. RWI continued that taking approach through this proposed modification, would cut down on the volume of change as this would mean that majority of the changes can be done upfront and enable industry to get used to the idea of the reference being 'The Company' in the STCPs. When the actual implementation of the FSO is done following the Energy Bill, then the change will just be to the definition but still remain referring to 'The Company' throughout the code in the STCPs.

6173. RW flagged that whilst appreciating the earlier comments, he wanted to point out from a legal point, that there were some specific areas particularly in the STCPs where legal entities are explicitly referred to, especially in the control change aspects and introducing who people were in the scope. The question here was that, was it the intention to amend those too, was there some indication of the timings when that bill would come into effect and the changes needed to get some clarity on the timeline?
6174. RWI responded that his understanding presently was that the NGESO may remain the same legal entity when it comes to FSO, which simplifies some matters regarding the legal entity. At this stage the plan was not to change anything other than that wherever it states 'NGESO' in the Code, change that definition to read 'The Company' and then undertake the definition change. The timeline was subject to change however, the expectation was that the Energy Bill was in the House of Commons now and the likely date could be April or May, however these timescales were an indication only.
6175. RWI also clarified that where it says NGESO, this will be changed to 'The Company' and where it refers to Nationalgrid Electricity System Operator Limited that too will be changed to 'The Company' and the definition made clear that 'The Company' means Nationalgrid ESO which is Nationalgrid Electricity System Operator Limited and amend the legal definition also.
6176. The Chair sought views from the Panel regarding the governance route, stating that if that was clear then the Code Administrator would undertake the critical friend checks and produce the timeline accordingly.
6177. The Panel approved the proposed route and the Chair confirmed that the draft proposal would be formally presented at March 2023 Panel.
6178. The Chair invited DH to continue with the presentation of ***PM0124: Enduring Expansion Constant & Expansion Factor Review***
6102. DH advised that **PM0124** had been discussed at Panel previously with various updates, and the aim was to bring some STCPs to the February 2023 Panel. There had been many conversations with the TOs around data/data that would be required for some of the changes around the STCPs.
6103. DH continued that the aim was to present the STCPs and get the approval in principle on the basis that the CUSC modification was still being worked through the governance process. These STCPs have been shared for comments.
6104. DH advised that there have been some discussions around the **CMP375 WACM1** and hence **PM0124** was now being presented in draft as there was still some work to be done.
6105. PM gave an overview of **CMP315 & CMP375** and what the issue was:
- As approved under **CMP353**, the CUSC currently specified that the Expansion Constant (EC) and associated generic onshore Expansion Factors (EF) are fixed at the value used in 2020/21 plus relevant inflation for each following year.
  - Without establishing and implementing an enduring solution for the calculation of the EC and EFs there was a risk that the charging methodology would not appropriately reflect the incremental costs of the system to Users.

- **CMP315 (TNUoS: Review of the Expansion Constant and elements of the Transmission System charged for) & CMP375 (Enduring Expansion Constant and Expansion Factor Review)**, seeks to review, and amend the calculation of the Expansion Constant & Expansion Factors to better reflect the growth of and investment in the National Electricity Transmission System (NETS).
- This proposal will have a high potential impact on all Users who pay TNUoS charges, ESO and Onshore Transmission Owners.
- **CMP315 & CMP375** were being progressed together as a Standard Governance modification with workgroups currently on-going.
- Consequential changes to STC procedures will be required to facilitate these proposals.

6179. PM advised that the Workgroup Consultation had been completed with the workgroup agreeing the options which would go forward into the Workgroup Report and ultimately to the Authority for determinations. Alongside these three proposals there would be consequential STCPs.

- a) CMP315 – Original Proposal
- b) CMP375 – Original Proposal
- c) CMP375 – Alternative (WACM1)

6180. PM advised that each option would require the On-Shore TOs to provide alternative data to that was currently supplied to the ESO to enable the calculation of the Expansion Constant and Expansion Factors as used in the Transport Model to calculate TNUoS tariffs.

6181. These data items would need to be provided to the ESO upon approval of the CUSC Modification, and then annually.

6182. The current view was that the Final Modification Report would be presented to Ofgem mid-2023, with implementation taking place from the April 2024 charging year, if approved.

6183. PM advised that the impacts on the existing STCPs would be that the current STCP14-1 would require to be amended to current Expansion Constant requirements with respect to details of the provision of data from the TOs.

6184. The request was that the presented STCPs were approved in principle on the basis that once the “In-Flight” CUSC modification had concluded, if approved, the relevant version of STCP14-1 would be implemented alongside the CUSC solution.

6185. RW questioned whether there would be a single proposal raised or three separate proposals.

6186. PM confirmed there would be three separate proposals raised for **STCP 14-1** - one for each of the variance.

6187. The Chair sought Panel views if **CMP375 WACAM1** would have a material STCP impact following on from the impact of **CM084** which was implemented on 14 February 2023 and has to be considered as materiality of STCP changes.



6188. MMcD questioned that if **CM084** had been implemented earlier then would the materiality have been identified sooner?
6189. RW clarified the revised process that **CM084** establishes is that in the event a modification is developed which has the potential to materially amend an existing STCP the proposer is obligated to seek Panel's views on materiality before proceeding. If the Panel agree that the change is material, then the proposer of the change would need to seek Ofgem's written approval to proceed, and to clarify who should approve the change. For example, Ofgem may specify that it is acceptable for the Panel to approve/reject the STCP changes (as per BAU) or they might prefer to make the decision themselves (e.g. if the STCP mod forms part of a package of cross-code changes).
6190. RW indicated that the obligation was on DH and PM to navigate the conversations and clarify with Ofgem whilst understanding that a favourable decision would be achieved. He offered to help draft the correspondence to go to Ofgem to initiate the discussions.
6191. DH advised the intention was to get the STCPs reviewed, agreed at Panel, and let Ofgem have the STCP package. Whilst the CUSC modification was still progressing, when it does eventually get presented to Ofgem, then Ofgem can look at the whole package. It was appreciated that the STCPs would get there before the CUSC modification.
6192. RW advised that historically decisions on STCPs have been given principal based on an impending/expected future Ofgem decisions. The situation here was slightly different as from the STC side, TOs do not have sight of the outcome of the data provided to set charges.
6193. RW stated that whilst the process followed now was appropriate for annual charge setting. However if the level of data complexity increases (e.g. the amount or frequency of data submission required by the ESO increases) then it could be negative in respect of the efficiency of the code. As such, he felt the mod proposal should justify that the change was positive in respect of the STC applicable objectives (in reference to the same assessment of the CUSC mod). In its present form he felt that the Onshore TO representatives would struggle to be able to agree to it.
6194. MMcD echoed comments made by RW.
6195. The Chair advised following the above discussion and to provide a steer for the ESO on the materiality impacts, the ask of the Panel was to undertake a quick vote to enable the ESO to ultimately update the proposal, accordingly, establish the link in with Ofgem and agree when it would next be brought to Panel.
6196. The Panel members all agreed that there were materiality impacts and more work needed to be carried out by the ESO.
6197. DH endorsed the comments made, that not only more work needs to be done on the actual STCPs but also going back to the proposal and aim to show benefits more in what needs to happen.
6198. DH posed a question to the Panel regarding the materiality aspect of this modification, in that was there anything that needed to be considered prior to coming back to the Panel?

- 6199. RW reiterated that the modification needed to demonstrate the wider benefits via a thorough assessment of the applicable objectives. He noted the CUSC workgroup were still working on the **CMP375** WACMs and these may steer how the ESO needs to engage with Ofgem to confirm the STCP decision-making route.
- 6200. NH confirmed that whilst **PM0124** was deemed material by Panel, Ofgem's would consider separately whether the Panel or they make the approve/reject
- 6201. decision.

## 7. Inflight Modification Updates/Potential New Modifications

- 6202. The Chair introduced AG/SB to give a brief update on **CM086** and **CM087**.
- 6203. AG updated the Panels on the progress of the CATO mentioning that **CM086** and **CM087** were in flight with second workgroups in March. When these modifications were first brought to Panel it was envisaged that there would be a third modification around CATO obligations to reinvest in the network to enable additional works driven by Customer Connections or driven by going through the traditional transmission investment planning process.
- 6204. AG advised that conversations had taken place with Ofgem and whilst it would be an Ofgem decision what the framework around what reinvestments looks like, it had been agreed that to support that piece of work, the ESO would engage industry to explore desirable options and eventually put a recommendation forward which Ofgem would take into consideration in their wider thinking and announce a decision on that.
- 6205. AG continued that the first ask was to keep an eye out for communication from network competition team to industry requesting engagement and get their thoughts on the reinvestment topic. Secondly to note that it was envisaged to be able to raise the third modification around autumn 2023 once the decision from Ofgem had been received on what the framework around this would look like.
- 6206. The Chair presented the 12-month Cross Code modification tracker and briefly talked through the impacted modifications.
- 6207. The Chair presented the slightly amended Terms of Reference on **CM086** and **CM087** following workgroup 1 and sought the Panel approval to the amendments; for further information please see the individual relevant Terms of Reference.
- 6208. The Panel unanimously approved the minor changes to the Terms of Reference to **CM086** and **CM087**.
- 6209. The Chair confirmed that the changes would be made, and the workgroups advised accordingly.
- 6210. DH was invited to present the proposed change to C17 reporting - **Reactive Asset Availability**
- 6211. DH advised the Panel that conversations had taken place with Ofgem who advised that formal consultations would need to take place on these changes. ESO were advised to reach out before any formal consultation with the TOs, who were mostly impacted by this, to give them an overview of what the proposed changes were and what the ESO was looking to do. The ESO were directed to take the feedback, incorporate it into the consultation and then proceed with a formal consultation. For further details please see the slides within the [Panel papers](#).

6212. DH confirmed a draft consultation was being reviewed, incorporating some housekeeping changes which will form part of it along with draft pro-forma on the questions being asked. The intention was to get the consultation out within the next two weeks allowing stakeholders time to respond before it goes off to Ofgem for a decision.
6213. MC questioned how the data was reflected in that it was done on the account of asset rather than installed capacity and what was the reasoning behind this?
6214. TC explained that the slides presented were a slightly out of date as they quantified the MVAr availability as percentage of the total number of reactive plant items (which ignored plant rating). The equation however correctly quantified the availability on the volume of reactive plant capacity installed (based on MVAr ratings). So, this was the anomaly between the slides and the equation in the document.
6215. NS endorsed that the capability should be looked at and that it was important for the system operations to appreciate why it was essential to monitor the performance. Also, the expectation was to include other parties including OFTOs as all these stakeholders affect how the ESO operate the GB transmission system and not just the three Onshore TOs. It was also understood that three months in the summer traditionally there have been areas where reactive capabilities have needed to be especially absorbent, the question here was, would it be in the ESO's interest to incentivise the TOs not to withdraw assets in that three-month period?
6216. GP responded that some of the reactive assets being required in the summer (like Reactors and SVCs), whereas others (like Capacitors) were more important to the ESO in the winter. Previously, the reactive capabilities reporting only focussed on the winter, and missed out on high balancing costs incurred because of Reactors and SVCs being out of service in the summer. So, the compromise was to remove the Winter Peak Availability or Summer Peak Availability reporting altogether. There was already in place the annual and monthly reporting which should cover the requirements.
6217. MC suggested that the wording communicates clearly that the focus was on the availability of reactors and SVCs, and this was taken on board by the ESO.
6218. The Chair requested that the consultation was separately circulated via email to Panel members to provide their feedback.
6219. DH confirmed that C17 had not been consulted on previously, the ESO wanted to ensure all that was needed to be done was done. All the feedback would be captured and taken on board and then ESO will go out to consultation within the next few weeks.
6220. The Chair confirmed that should the consultation be issued prior to the March Panel, then Panel members can be made aware of this at the 29 March 2023 Panel meeting.

## 8. Workgroup Reports

6221. None.

## 9. Draft Final Modification Reports

6222. None.

## 10. Code Administrator Update

6223. None.

## 11. Reports from the Sub Committees

### Joint Planning Committee – JPC

6224. None.

### Network Access Policy Workgroup – NAP

6225. None.

## 12. Any other Business

6226. The Chair reiterated that the ask was when the Panel papers are sent, that the core 5 STC Panel representatives confirmed attendance or nominate an alternate to allow meetings to be quorate.
6227. The Chair introduced Sarah Carter and advised the Panel that she would be the STC Panel Chair going forward.
6228. The Chair highlighted that Code Administrator Team were looking to assess the deliverables from BP1 to understand the position and the feedback from stakeholders. With the team having a new manager, there were some potential improvements discussed and that there would be a short survey going out with some specific questions bespoke to Code Administrator.
6229. The Chair advised that this survey will initially be looking to target specifically Panel members and other stakeholders who are heavily involved in the workgroups. Depending on the feedback received, the survey will then be extended to wider stakeholders if needed.
6230. RW questioned if going forward there would be further face to face STC Panel meetings.
6231. The Chair affirmed that this could go to vote at the next Panel and there would be an item on the March 2023 Agenda.

## Date of next meeting

6232. The next STC Panel meeting will be held on **Wednesday 29 March 2023**
6233. New Modification Proposal date **Tuesday 14 March 2023**
6234. Panel papers day **Tuesday 21 March 2023**