

CM079 – Consideration of STC/STCP changes in relation to CMP330/374

Workgroup 7

14 August 2023



Agenda

Elana Byrne – National Grid ESO Code Administrator

Agenda

#	Topics to be discussed	Lead
1.	Welcome, Agenda and Workgroup responsibilities	Chair
2.	Workgroup meeting objectives	Chair
3.	Brief update on actions from Workgroup 6	Workgroup
4.	Brief overview of Terms of Reference and Timeline	Chair
5.	Review Workgroup Consultation responses	Chair
6.	Refine the Solution (Considering the Consultation Responses)	Chair & Proposer
7.	Review Draft Legal Text Updates	Chair
8.	Discuss Potential Alternatives	Workgroup
9.	Terms of Reference review	Chair
10.	Revisit Timeline	Chair
11.	AOB & Next Steps	Chair



Workgroup Responsibilities

Elana Byrne – National Grid ESO Code Administrator

Workgroup Members for CM079

Voting members	Role	% Workgroups attended (WG4-6 when reconvened)
Richard Woodward	Proposer	100%
Stephen Baker	ESO rep	100%
Barney Cowin	Workgroup member	66%
Joe Jordan	Workgroup member	100%
Michelle McDonald (alternative: Harriet Eckweiler)	Workgroup member	100%
Faysal Mahad	Workgroup member	0%
Non-Voting members	Role	
Neil Dewar	Observer	
Neil Bennett	Observer	

Communication channels

Please note that all official email communications regarding the modification (including sharing documents) should be sent to/or cc: STCTeam@nationalgrideso.com

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

Email communications to/cc'ing the .box email

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



Workgroup Meeting Objectives

Elana Byrne – National Grid ESO Code Administrator

CM079 – Workgroup 7 Objectives

- Review Workgroup Consultation responses and refine the solution
- Review any legal text updates
- Discuss potential alternatives
- Address any queries with Ofgem representative regarding TOR e)



Update on actions from Workgroup 6

Elana Byrne – National Grid ESO Code Administrator

Update on actions from Workgroup 6

Action number	Workgroup	Owner	Action	Comment	Due by	Status
	Raised					
10	WG5	ESO	The ESO to consider what support is needed from TOs regarding CUSC 7.4 process	ESO legal to confirm if any timelines are possible to include (e.g. independent arbitration)	Ongoing	Ongoing
11	WG5	Proposer	Proposer to share updated legal text with Chair to share with ESO for their legal review	To be shared as a complete batch for version control/review	Ongoing	Ongoing
13	WG6	Chair/ESO	Request Ofgem Representative attend the next Workgroup Meeting or set up a separate Meeting to discuss Workgroup concerns around point e) in the TORs	NA	WG7	Complete
14	WG6	ESO	ESO to speak to legal team internally regarding wording added to the consultation document (Disputes)	ESO Legal responded 13.07, wording added to consultation	WG7	Complete
15	WG6	Chair	Confirm what stage relevant CUSC modification will be at when consultation document is issued	NA	WG7	Complete
16	WG6	Proposer	Add wording to manging failure section (in WG consultation document)		WG7	Complete
17	WG6	Code Admin	NGET/ESO reference to be checked and Code Admin to address in next housekeeping modification	Details of where the change is in the document required from Proposer	TBC	Open



Terms of Reference

Elana Byrne– National Grid ESO Code Administrator

CM079 – Consideration of STC/STCP changes in relation to CMP330/374

Workgroup Term of Reference	Location in Workgroup Report (to be completed at Workgroup Report stage)
a) Quantitative assessment of the STC/STCP's, which will need to change to facilitate implementation of CMP330/CMP374/CMP414	
b) Impact assessment against STC Applicable Objectives of ToR (a)	
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 on CMP330/CMP374/CMP414 solution and other areas of the CUSC	
e) Consider the regulatory consequences of implementing CMP330/CMP374/CMP414 and CM079, in particular related transmission licence provisions and price control processes - ideally summarising potential areas for future conversations with the Authority if required	

Terms of Reference review (from WG6)

The Proposer's Terms of Reference summary:

a) Quantitative assessment of the STC/STCP's, which will need to change to facilitate implementation of CMP330/CMP374/CMP414

Solution map provided - expected STCP changes identified pre-emptively too

b) Impact assessment against STC Applicable Objectives of ToR (a)

Done

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

Done (to the best of my knowledge)

d) The cross Code impacts this Modification has on CMP330/CMP374/CMP414 solution and other areas of the CUSC

Possible issues re. ESO/TO roles around Adoption Agreement principle disputes - could be problematic if CUSC mod is approved. STC mod will seek to clarify this. High burden for robust Adoption Agreement Ts & Cs, but not an STC issue. Otherwise nothing else identified.

e) Consider the regulatory consequences of implementing CMP330/CMP374/CMP414 and CM079, in particular related transmission licence provisions and price control processes ideally summarising potential areas for future conversations with the Authority if required.

More write-up needed by Onshore TOs [WG happy this was addressed in WG6 & Workgroup Consultation?], but high level issues identified for further conversations with Ofgem [to be discussed in WG7 with Ofgem representative]



Timeline Review

Elana Byrne – National Grid ESO Code Administrator

Timeline for CM079 – as of 15 June 2023 (send to June 2023 Panel as update from 2022 timeline)

Milestone	Date	Milestone	Date
Workgroup Meeting 1	17 January 2022	Code Administrator Consultation	4 October – 25 October
Workgroup Meeting 2	11 February 2022	Draft Final Modification Report (DFMR) issued to Panel	21 November 2023
Workgroup Meeting 3	11 March 2022	Panel undertake DFMR recommendation vote	29 November 2023
Workgroup Meeting 4 - Revisit Code mapping and establish requirements	2 June 2023	Final Modification Report issued to Panel to check votes recorded correctly	7 December 2023
Workgroup Meeting 5 - Develop Solution, Draft Legal Text and consider potential Workgroup Consultation questions	28 June 2023	Final Modification Report issued to Ofgem	11 December 2023 (amended from Sun 10 Dec)
Workgroup 6 – Review Workgroup Consultation questions and finalise Workgroup Consultation, ToR Review	12 July 2023	Implementation Date	TBC
Workgroup Consultation	19 July – 08 August 2023		
Workgroup Meeting 7 - Review Workgroup Consultation responses, , consider new points raised, refine solution, review legal text and discuss any potential alternatives	14 August 2023	<i>Update required from Proposer on draft legal text timings for ESO to review and WG agreement (final text required by 19 August latest for ESO review and sharing with WG ahead of WG8)</i>	
Workgroup Meeting 8 - Finalise Workgroup Report and hold Workgroup Vote	08 September 2023	<i>Update required on timings to raise the proposed STCP mod (N.B. the STCP modification will be outside of this timeline, unless there is time to discuss it)</i>	
Workgroup report issued to Panel (5 working days)	19 September 2023		
Workgroup report presented to Panel	27 September 2023		



Workgroup Consultation Responses

Elana Byrne – National Grid ESO Code Administrator

Richard Woodward - NGET

Summary of the 3 non-confidential responses received

Question to consider: Are there any refinements to the CM079 solution that are necessary/feasible which can address the points below?

Facilitating the objectives:

- 2/3 Respondents did not identify the Original as *better* facilitating the Applicable Objectives. One Respondent noted that despite not seeing the Original as better facilitating objectives, they supported the solution.
- One of these Respondents felt that the Original negatively impacted objective e (good practice for efficiently implementing and administering the STC) but was neutral to the result of CM079 on the objectives. The same Respondent noted that the STC and subsequent STCP changes will help alleviate risks to network integrity and investment plans from multiple party asset builds via the intervention measures proposed.
- One Respondent felt the Original better facilitates objectives b (dev & maintenance of the system), c (effective competition), f (access to NETS), g (regulatory compliance).

Implementation:

- The implementation approach was supported by all Respondents, with some related comments received re: the wider STC and CUSC proposal package (see next slide).
- A Respondent felt that consequential changes to the RIIO framework should be considered and implemented before the CUSC and STC changes are introduced (for consumer and TO protection)

Summary of the 3 non-confidential responses received (continued)

Question to consider: Are there any refinements to the CM079 solution that are necessary/feasible which can address the points below?

Concerns related to the associated CUSC proposals:

- While neutral on the impacts on licence obligations/compliance from CM079, two Respondents noted concerns or a need for clarification (with Ofgem), on the CUSC package's impact on these (before implementation).
- One Respondent suggested an extended timeline would be needed to implement the CUSC and STC changes. One Respondent noted that this would be to establish TO/ESO ways of working and discuss licence compliance and contestability re: Price Control with Ofgem.
- Another Respondent mentioned concerns that the CUSC and STC changes don't mitigate adequately for Users' failure to deliver assets (compelling TOs to intervene without a penalty-free route to cover costs via Price Control, which they felt was not agreed sufficiently in CMP414).
- The same Respondent felt that STCP changes should be considered as part of the implementation of the wider proposal package.
- A Respondent felt that STC changes (in line with the CUSC proposals) complicate the relationship between Onshore TOs and the ESO, adding uncertainty in roles re: contestability process and 3rd party dispute arbitration
- The same Respondent was neutral re: CM079 impacting operational efficiency but was concerned about inefficiencies being more likely as a result of the CUSC proposals potentially adding multiple parties into asset builds (affecting development and operation of Onshore TOs)
- The same Respondent felt CM079 had no impact on security, quality of supply & safe operation of the NETS but expressed concerns about the impact on these as a result of the CUSC proposals



Refine the Solution (based on the Consultation Responses)

Richard Woodward – NGET

CM079 Solution Map – 12 July 2023

TO/ESO process interaction	CMP374/414 Solution/Consequence	STC Changes	Change RAG	Wider considerations
Customer / ESO application stage	Contestability signalled as part of the application – ESO to pass on relevant data to TO to incorporate in initial offer (where possible)	Schedule 5+6 (STCP18-1 to follow?)	Green	STC would need to define the concept of contestability.
	ATOCO process may need to be adjusted for where potential works extend or influence beyond one TO area			Intervention process may need to work for multiple affected TOs?
	Fixed Application Fee charges may need to change in future	STCP19-4		To be considered if mod is approved and actual data justifies a change.
Intervention Process	Pre-emptive intervention process – how; by whom? when?	Section D Part Two – new section	Orange	Fully prescribed in new STCP?
	Process for where ESO/TO disagree on intervention	Section H	Green	
	Process for User-led disputes via CUSC re. intervention			
Adoption Agreement negotiated	Coordination between ESO and relevant TOs for User-led disputes via CUSC re. Adoption Agreement principles (e.g. “fair commercial terms”)	Section H?	Orange	ESO action to clarify process – possible timeline interaction with independent arbitration process?
Works Delivery (subject to agreed Adoption Agreement)	Process for User failing to delivery Contestable Assets as agreed (above and beyond Adoption Agreement provisions) – e.g. TO incurring costs to intervene/rectify works on behalf of User.	N/A	Red	Matters for Adoption Agreement + licence + price control mechanisms. Coordination needed with Ofgem.
Definitions	Create new definitions to facilitate the changes needed	Section J + plus impacted STCPs and their associated definitions	Green	

Change RAG Key:

	Significant issue or significant additional legal text needed (e.g. new section)
	Moderate issue or moderate additional legal text needed (e.g. new paragraphs)
	No issues or minor legal text adjustment required (e.g. words/sentences)



Review any draft legal text updates

Workgroup & Richard Woodward - NGET



Discuss Potential Alternatives

Workgroup



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AOB and Next Steps

Elana Byrne – National Grid ESO Code Administrator

Any Questions?





Appendix