

STC Modification Panel Minutes

29 November 2023

STC Modification Panel Minutes: Meeting Number 217

Date: 29 November 2023 **Location:** Microsoft Teams

Start: 10:00am **End:** 11:30

Participants

Attendee	Initials	Company
Deborah Spencer	DS	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
Elana Byrne	EB	Code Administrator, National Grid Electricity System Operator (NGESO) Observer
Terry Baldwin	TB	National Grid Electricity System Operator (NGESO)
Keith Jones	KJ	National Grid Electricity System Operator (NGESO)
David Halford	DH	National Grid Electricity System Operator (NGESO)
Gareth Williams	GW	Scottish Power Transmission plc. (SPT)
Neil Bennett	NB	Scottish Power Transmission plc. (SPT)
Harriet Eckweiler	HE	Scottish Hydro Electric Transmission plc. (SHET)
Richard Woodward	RW	National Grid Electricity Transmission (NGET)
Joel Matthews	JM	Offshore Transmission Owner (OFTO)
Mike Lee	ML	Offshore Transmission Owner (OFTO)
Nadir Hafeez	NH	Authority Representative
Apologies	Initials	Company

1. Introductions and Apologies for Absence

6429. No apologies were received for the December 2023 Panel.

2. Approval of Minutes from Previous Meeting

6430. The Panel approved the minutes from the meeting held on 25 October 2023 with a minor amendment (**Post Panel Meeting Note**: The minutes are now available on the National Grid ESO [website](#)).

3. Review of Actions

6431. The Actions from October Panel were reviewed.

4. Authority Decisions and Update

6432. NH advised the Panel that: -

CM080 – *Transmission Impact Assessment Process*, the decision is linked to CUSC modification **CMP298**- *Updating the Statement of Works process to facilitate aggregated assessment of relevant and collectively relevant embedded generation*, both decisions have now been revised to **14 December 2023**.

CM089/CM091 – *Implementation of the Electricity System Restoration Standard & Implementation of Emergency and Restoration Code Phase II* – decision date remains as **30 January 2024** in line with the other ERS modifications.

5. New STC/STCP Modification Proposals for Panel Decision

6433. The Chair advised Panel that one new modification had been received for November 2023 Panel and invited DH to present: -

- **CM093** – *Extending the principles of the User Commitment Methodology to Final Sums Methodology as a consequence of CUSC Modification CMP417*.

6434. DH informed the Panel that there were two security methodologies currently in use to determine a User's financial liability and security requirement which was required in relation to the provision of new, or amended capacity:

- CUSC section 15 'User Commitment Methodology' - Users: Applies to all customers categorised as generation or embedded generation.
- Final Sums methodology – outlined in CUSC Schedule 2, Exhibit 3, Part 2 - Users: Directly connected demand customers and DNO's (embedded demand, transmission works not triggered by embedded generation)

6435. DH advised that CUSC section 15 principles include security requirements reducing as a connection becomes more certain and hits key milestones, the ability to fix attributable securities and the securing of a wider liability applicable to all parties. For Customers under Final Sums methodology, for their security requirements, they must secure all the TO spend required to connect their project.

6436. DH continued that the differing approaches had created a two-tiered process, and this modification was aiming to introduce more equitable treatment to all Users connecting to the NETs by extending some of the principles under CUSC section 15 to Users under

Final Sums methodology. For more details, please see the Panel slides within the [Panel papers](#).

6437. DH advised that **CM093** modification was looking at proposed process amendments as below:

- Creation of a STCP SIF and LARF methodology for Final Sum methodology Users or an amendment to STCP13-2 SIF and LARF methodology – requires WG (Working Group) discussion and would follow through as a separate STCP Modification
- Creation of a Final Sums methodology guidance note for the WG to review.

6438. The Ask of the Panel was to: -

- **AGREE** that **CM093** Modification should follow Standard Governance (Ofgem decision) rather than the Self-Governance Criteria (Panel decision).
- **AGREE** that **CM093** Modification should proceed to Workgroup.
- **AGREE** Workgroup Terms of Reference.
- **NOTE** that there appear not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions.
- **NOTE** the proposed timeline.

6439. The Panel agreed that [CM093](#) should follow the Standard Governance route, proceed to Workgroup and that the Terms of Reference should be amended to reflect the cross code impacts this Modification will have to the CUSC.

6440. **ACTION** The Chair to amend the Terms of Reference and circulate to Panel Members for approval and start the nomination process.

6441. The Chair presented the revised timeline for **CM086** – *Introducing Competitively Appointed Transmission Owners & Transmission Service Providers*.

6442. The Chair informed the Panel that the timeline had been revised due to the approval of legislation being delayed, there were 2 workgroups remaining and sought approval on the proposed timeline.

6443. The Panel approved the revised timeline for **CM086** with the Workgroup Report coming to December 2023 STC panel.

6. Draft STC/STCP Modifications

6444. The Chair affirmed that no draft modifications had been received for November 2023 Panel.

7. Inflight Modification Updates/Potential New Modifications

6445. The Chair informed the Panel that the Cross Code modification tracker had been shared for their reference and invited DH to give an update on [PM0127](#).

6446. DH summarised the latest position on **PM0127 - Improving TNUoS Predictability through Increased Notice of the Target Revenue & Inputs used in the TNUoS Tariff Setting Process**.

6447. DH advised that to facilitate the CUSC modification, changes would be required to STCP13-1, STCP14-1, and STCP24-1 to ensure that the amended process and timeline was reflected in: -
- TO General System Charge forecasts requested by the ESO from the TOs reflect the relevant Financial Years
 - The deadline for the date that revisions to the TO General System Charges can be made
 - The change in the date that onshore TOs will update and provide the final revenue
 - Any additional reporting, and frequency of this reporting, required from the ESO to the TOs to enable the TOs to assess any variance to the forecasts once they have been fixed.
 - Separate changes will not be required for the proposed alternative CUSC solution with the changes identified applicable to the CUSC proposals.
6448. DH advised the Panel that **PM0127** was a consequence of **CMP286/CMP287** and had been agreed in principle by Panel in September 2022. This was the third time **PM0127** had been presented to Panel. **CMP286/CMP287** had been sent back by Ofgem for a number of reasons and one of them resulted in **CMP286/CMP287** being separated.
6449. DH advised that as **CMP286** was a separate modification and following some work it was identified that the STCP changes were related to **CMP286** only. These changes were brought back to the October 2023 Panel. It was noted that there was a materiality aspect to these changes and that he (DH) would contact Ofgem to discuss the potential of these being material and whether Ofgem prefer to have them as part of **CMP286** modification or were Panel happy to make a judgement on these and then await the outcome of **CMP286** modification.
6450. DH affirmed that feedback from Ofgem was that the materiality had been noted and they were happy for the Panel to make the decision on this modification. Considering Ofgem feedback, **PM0127** was brought back to the Panel for approval in principle pending decision on **CMP286**.
6451. RW advised that he was happy to approve **PM0127** in principle based on Ofgem direction and advised he felt that the underlying proposal was not a good one. NGET would feed that back through the CUSC consultation process.
6452. The Panel approved **PM0127** in principle pending Ofgem decision on **CMP286** modification, which has gone out to Code Administrator Consultation on 29 November 2023 to 5 January 2024.
6453. DH proceeded to give an overview on **PM0135** modification which was looking at changes to STCP19-3 which will cover:
- Amend any references to 'NGET' to 'The Company' where appropriate
 - Remove the risk of commercially sensitive data being shared between NGESO and the TOs with the facilitation of a SharePoint site which will ensure only the relevant data required to validate Compliance is shared between the User and TO.

- Removal of possible duplication of tasks e.g., where the NGESO compliance Team and Project Engineer are chasing the same updates.
- Ensure the role and responsibilities between parties are clearly defined.
- Ensure the compliance process is consistent across all parties.

6454. DH advised that two sessions had taken place between ESO and the On-Shore TOs to review and refine the proposed changes to STCP19-3. A SharePoint site had been created for all TOs to access as apart of these proposed changes with links shared with the relevant TOs for testing/use.
6455. DH reminded the Panel that the draft proposal had been presented in October 2023 STC Panel. ESO had confirmed that they did not believe these proposed changes would result in any material change for the TOs as the ESO was not proposing to change the current role and responsibilities it plays in the Compliance process. There were no objections from the Panel when this view was presented. The final changes to the STCP19-3 were shared with the Panel representatives on the 8 November 2023.
6456. DH continued that the proposed changes to STCP19-3 were now being presented to Panel for approval in principle.
6457. The Panel approved **PM0135** in principle and the Chair confirmed the formatting issues raised, were being addressed by the Code Governance Team.

8. Workgroup Reports

6458. The Chair informed that no Workgroup Reports had been received for November 2023 Panel.

9. Draft Final Modification Reports

6459. The Chair advised that [CM079](#) – *Consideration of STC/STCP changes in relation to CMP330/CMP374* had been shared with industry and was brought to Panel for their recommendation vote.
6460. **CM079** Code Administration Consultation responses and the solutions were shared with Panel - see Panel slides within [Panel papers](#) for more detail.
6461. The asks of the Panel were: -
- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions
 - **VOTE** whether or not to recommend implementation
 - **NOTE** next steps – DFMR was being shared at November 2023 Panel, submission to Ofgem on 11 December with implementation 10 days following Authority decision.
6462. GW advised that they were reluctant to approve **CM079** modification without some assurances in terms of their position regarding the CUSC modifications.
6463. RW responded that there was correspondence from Ofgem that Ofgem had acknowledged the concerns of the package of changes. Ofgem were not in a position to give a definitive outcome yet, but there was a commitment to do due diligence on the wider issues here.

6464. NB raised a concern regarding the decision date “10 days following Authority Decision” in that if their concerns had not been addressed at that stage, whether a caveat could be put in place re implementation date.
6465. NH responded that as **CM079** was a consequence of [CMP330/CMP374](#), Ofgem would be looking at them as a whole package. There should be no concern regarding implementing anything before the CUSC modifications as the decisions will be made around the same time.
6466. RW advised the Panel that there was a WACM to the CUSC modification that was looking for implementation 6 months following Authority decision. If this WACM was approved, then there was a longer timeline.
6467. PRW confirmed that the proposed changes in the STC were the best that onshore TOs could do to manage the massive procedural consequences the CUSC modification would create. This would allow Users to build more transmission assets than they are currently permitted in the CUSC. Throughout the process under the CUSC the TOs have flagged that the idea that the Users who are not licensees and who are not operating under the same level of scrutiny and protection of the licence that applies to the Transmission Owners can create disparity on how these assets were delivered. Resulting in financial consequences not only to the end consumers, but other Users. Penalties that can be levied on the TOs in that the User was doing work on their behalf.
6468. RW advised that there were many complicated interactions that give rise to the TOs being concerned. Ofgem had been engaged on these issues throughout and the various consultations have flagged these issues too. Recently emails had been exchanged with colleagues and Ofgem to ensure Ofgem were aware of these issues. The correspondence received from Ofgem flagged that they were aware of these issues, and these would be considered when making the decision. At present Ofgem were not able to indicate whether or not they agreed with the TOs or not.
6469. RW advised that TOs had reasonable grounds for concern, but if Ofgem through their decision backed all of the issues and made a determination that considered and mitigated them.
6470. RW reverted to NB’s point who queried how could a code change be implemented if the TOs were aware of the issues that need to be resolved. The understanding could be that if Ofgem did not agree, the implementation would go ahead, and the consequences would have to be dealt with by the TOs at that time.
6471. RW advised the Panel that the hope was that Ofgem had sufficient information to consider the issues before their determination is made on the package.
6472. The Chair confirmed to the Panel that the option was available in the voting statement to get their points of view across.
6473. The Chair proceeded to take the Panel vote on **CM079**, all Panel members approved that **CM079** modification could proceed to Final Modification Report and submitted to Ofgem on 11 December 2023.
6474. **ACTION** DS to circulate **CM079** five (5) working days for Panel members to ensure their votes had been noted accurately.

10. Code Administrator Update

6475. None.

11. Any other Business

6476. The Chair invited RW to give a brief overview on a pending proposal - *STC Procedure proposal for Queue Management* – which will be brought to the December 2023 Panel.
6477. RW continued that following approval of **CMP376 WACM 7 – Inclusion of Queue Management Process within the CUSC** which implements Queue management policy that applies to both new and existing customers. This was an important step forward in the way customers connecting to the network were managed and ensuring that any viable projects remained in the connections queue.
6478. RW informed the Panel that the intention here was not to replicate the CUSC solution, but there was some acknowledgement that the ESO would need support from the TOs to ensure the policy was enforced appropriately and that any exchange of data was managed appropriately also.
6479. RW advised the Panel that a proposal had been drafted and shared with the ESO and Onshore TO colleagues. This proposal sets out a brand new STC procedure to manage the queue management interactions dealing with ESO's processes for enforcing the policy with consideration of exceptions, verification of evidence for user compliance and co-ordination ahead of ESO discretion whether to terminate agreements or not if allowed under the Policy. This modification will also ensure that TOs have access to relevant data in respect of the customer's appendix queue milestones which is in their agreement and any supporting insights around progress around notifications so the projects can be managed.
6480. RW informed that the intention here was to create a new STC procedure to enable this with the proposal to be brought to the December 2023 Panel for a decision.
6481. RW advised that as this was a brand new STC procedure, and by default it would be deemed to be material and therefore the question was put to Ofgem, whether this modification should be approved by Panel or whether Ofgem will need to be involved.
6482. The Chair invited JM to put forward his request to the Panel that the STC Panel meeting be moved from 10:00 – 12:00 to 13:00 – 15:00.
6483. JM informed the Panel that due to a change in his job role, he was required to attend another meeting which was not able to be moved and clashed with the STC Panel meeting. To enable him to attend both the meetings a request was put forward to move the STC Panel meeting to the afternoon with the approval of the Panel members.
6484. **ACTION** DS to send out a Doodle poll to gauge Panel members preferences. The December 2023 Panel will remain at the scheduled time and if amendment needs to be made to the time, then that would start at the January 2024 Panel and refreshed calendar invites would be sent out.
6485. The Chair brought the meeting to a close advising Panel members that Sarah Carter, Code Governance Team Manager would be the temporary Chair at December 2023 Panel.

Date of next meeting

6486. The next STC Panel meeting will be held on **Wednesday 13 December 2023**

6487. New Modification Proposal date **Tuesday 28 November 2023**

6488. Panel papers day **Tuesday 05 December 2023**