

STC Modification Panel Minutes

31 January 2024

STC Modification Panel Minutes: Meeting Number 219

Date: 31 January 2024 **Location:** Microsoft Teams

Start: 10:00am **End:** 11:40am

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)
Milly Lewis	ML	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)
Neil Bennett	NB	Scottish Hydro Electric Transmission plc. (SHET)
Gareth Williams	GW	Scottish Power Transmission plc. (SPT)
Richard Woodward	RW	National Grid Electricity Transmission (NGET)
Ian Bottomer	IB	National Grid Electricity Transmission (NGET)
Mike Lee	ML	Offshore Transmission Owner (OFTO)
Nadir Hafeez	NH	Authority Representative
Carly Malcolm	CM	Authority Representative
Apologies	Initials	Company
Joel Matthew	JM	Offshore Transmission Owner (OFTO)

1. Introductions and Apologies for Absence

6527. Apologies were received from Joel Matthews for January 2024 Panel.

2. Approval of Minutes from Previous Meeting

6528. The Panel approved the minutes from the meeting held on 13 December 2023 (**Post Panel Meeting Note**: The minutes are now available on the National Grid ESO [website](#)).

3. Review of Actions

6529. The Actions from December 2023 Panel were reviewed.

4. Authority Decisions and Update

6530. NH advised the Panel that: -

- **CM078 – Connections Triggering Distribution Impact** – *no expected date of decision as still waiting on the send back of CMP328.*
- **CM089/CM091 – Implementation of the Electricity System Restoration Standard & Implementation of Emergency and Restoration Code Phase II** – expected date of decision was 05 February 2024.
- **CM079 – Consideration of STC/STCP changes in relation to CMP330/374** – expected date of decision was 08 May 2024.

5. Draft STC/STCP Modifications

6531. The Chair advised that no draft modifications had been received for January 2024 Panel.

6. New STC/STCP Modification Proposals for Panel Decision

6532. The Chair informed the Panel that that two new modifications had been received for January 2024 Panel

- **CM094 – Amendment to Bi-annual estimate provisions**
- **PM0137- Queue Management Co-ordination Procedure**

6533. The Chair advised that Critical Friend Checks had been completed and the minor amendments/suggestions had been accepted by the Proposers.

6534. NB (the Proposer) was invited to present **CM094** and for more details please see the slides within the [Panel Papers](#).

6535. NB was seeking to progress **CM094** as an Urgent Modification and to be assessed by a Workgroup.

6536. GW questioned that Strategic Transmission works included LOTI & ASTI. however, (a) what about MSIP projects? (b) Smaller/medium, projects. Were these going to be included in the scope of this modification?

6537. NB responded that this modification would include any project that had had the Ofgem guarantee. SSE did not want to make it too specific at this stage, so that it would impact specific projects in the future.

6538. GW questioned that both ASTI & MSIP had two stages (1) the network need was agreed by Ofgem; (2) Ofgem agree the funding that TOs would get. At what stage do SSE have confidence that the project has the regulatory funding/approval, and the liabilities fall away?

6539. NB confirmed it would be when the funding was confirmed.
6540. NH requested clarity on how **CM094** differed from the status quo now and regarding security, would the regulatory approval be sought early in the process or at a later stage and the rationale for urgency.
6541. NB responded to state that it would be early in the process – looking at the large reinforcements would not go ahead until funding was in place.
6542. NB advised that offers for customers in Orkney/Shetland, where the need for a new transmission link to the mainland had gained regulatory approval. All embedded customers must secure against the link resulting in high costs, for the many smaller community projects, which make up the majority of the background. Those offers had limited timeline for acceptance, the securities were too onerous for customers to accept. This proposal would remove the unnecessary barrier.
6543. NB advised Panel members that currently securities were extremely high, and this was causing a barrier for customers, the intention was not to remove all securities just onerous ones.
6544. Timeline for **CM094** was presented and the ask of the Panel was:
- **AGREE** that this modification should proceed to Workgroups.
 - **Vote** whether or not to recommend Urgency.
 - **AGREE** the timetable for Urgency.
 - **NOTE** the next steps:
 - i) Under the STC Section 7.2.6.2 the Authority will be consulted as to whether this modification is an Urgent STC Modification Proposal.
 - ii) Letter to be sent to Ofgem 31 January 2024.
 - iii) Ofgem approval of Urgent treatment sought by 5pm on 5 February 2024.
 - iv) Code Administrator Consultation to be run from 08 February 2024 to 20 February 2024.
6545. Further Ask of the Panel was to:
- **AGREE** that this Modification should proceed to Workgroup.
 - **NOTE** that there appears not to be any impacts on the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Grid Code.
 - **VOTE** whether or not to recommend Urgency.
 - **AGREE** timetable for Urgency.
 - **AGREE** Workgroup Terms of Reference.
6546. Four Panel members agreed that the Proposal should be considered for urgency. A member highlighted that securities for such projects significantly impact small generators making their projects unviable and other members agreed.

6547. A Panel member noted urgency would enable swift conclusion of this potentially beneficial modification for future connections customers, prior to more substantive reforms through CMP417/CM093 and broader Connections Reform.
6548. When asked what would happen if urgency was not granted the Proposer advised, that this would impact the programme of works and have impact to customers as well as the project timeline.
- The Panel member (ESO) who whilst supportive of the modification, did not support urgency provided the following rationale:
 - The Proposal indicated that there was no cross-code impact, however, there were 2 CUSC modifications in flight, [CMP417: Extending principles of CUSC Section 15 to all Users](#) and [CMP428: User Commitment liabilities for Onshore Transmission circuits in the Holistic Network Design](#) which were making changes in a similar area. These modifications were following standard governance and the STC modification needs to ensure that the solutions align, which would be difficult with the accelerated timeline. There was also concern that a CUSC modification may be required to align the change to Attributable Works which may delay the deadline date being achieved.
 - The Proposer used Orkney as an example of facing a charge of £3M in securities under the current regime, however, during the Panel meeting it was not clear what the securities would be under the new regime which meant it was not possible to determine the difference and thus the commercial impact of this change. The modification does not list the number of projects that would be affected by using an urgency timeline compared to standard governance.
 - It was not clear if other options were available or had been considered to prevent those with offers between 31 March 2024 and the standard governance date being penalised.
 - These issues combined, made it difficult for the ESO to assess whether there was a significant commercial impact that required the modification to have urgency or whether it should follow standard governance.
6549. The Panel discussed an appropriate timetable for **CM094** in the instance that urgency was granted.
6550. The Panel agreed, that **CM094** subject to Ofgem’s decision on Urgency, should follow the Code Administrator’s proposed timetable, however, the Code Administrator has also provided the timeline if this modification follows standard timescales with the assumption that Panel prioritise this high in the prioritisation stack.
6551. The Panel noted that if urgency is granted, there would be:
- A Workgroup nomination period of less than 15 business days
 - A Workgroup Consultation period of less than 15 business days
 - Code Administrator Consultation period of less than 15 business days
 - There would be less than 5 clear business days between publication of the Draft Final Modification Report and Panel’s recommendation; and
 - There would be less than 5 clear business days for Panel to check that their Recommendation Vote had been recorded correctly.

6552. **ACTION** The Chair to send Ofgem the letter requesting urgency highlighting the majority vote. (**Post Panel note** letter requesting decision on Urgency sent to Ofgem with request for response by 5 February 2024. Response received from Ofgem granting Urgency).

6553. The Chair shared the Terms of Reference and requested input from Panel members.

6554. RW advised that more detail was required regarding one of the objectives and shared wording that would enhance the objective (d).

6555. The Panel agreed the Terms of Reference for **CM094**.

6556. RW was invited to present **PM0137 – Queue Management Co-ordination Procedure**.

6557. RW gave a brief overview and advised that on 13 November 2023, Ofgem approved modification [CMP376](#) which applied a Queue Management policy in the CUSC.

The responsibility for administering and enforcing these new arrangements was with ESO (The Company), however ESO will need some support from relevant Transmission Owners (TOs).

Additionally, the TOs will require visibility of policy positions agreed between ESO and connection customers, plus any associated enduring policy interactions during the connections journey, in order to effectively manage associated transmission works.

There were multiple routes to ensure collaboration and coordination between the ESO and Onshore TOs for administration of the Queue Management policy. The least onerous route to achieve this was seen to be an amendment to the STC.

This option not only sets a minimum standard for coordination activities on Queue Management matters but does so transparently in the codes for all industry stakeholders.

6558. RW continued that the solution was to establish a new **STC Procedure – STCP18-7** - to govern the coordination interactions between The Company and relevant TOs for administering and enforcing the CUSC Queue Management Process, specifically:

- Data exchange for relevant details as agreed with customers in Appendix Q.
- Data exchange for any communications in relation to enduring milestone compliance.
- Coordination to review and verify submitted evidence to demonstrate compliance (if needed).
- Coordination to review and determine whether customer requests for compliance Exceptions are valid (if needed).
- Consultation between ESO and relevant TOs prior to contract termination being initiated at the discretion of ESO.

6559. RW advised that (STCP Governance) if a change was developed which had the potential to materially amend the existing STCP, the Proposer was obliged to seek Panel's views on the materiality before proceeding.

When considering the proposed changes to the STCPs, the first ask on voting members was whether they agreed that the change was material. If not, then approve/reject, if

material, then proposer would need to seek the written approval from the Authority to proceed and to clarify who should approve the change.

It would be the decision of the Authority that it was acceptable for the Panel members to approve/reject the STCP changes or the Authority would make the decision.

6560. NH confirmed that Ofgem considered it appropriate for the Panel to make the decision on this STCP change.
6561. The Chair advised that the latest tracked changed version of the legal text was available and would be circulated via email for Panel members to review.
6562. **ACTION** the Chair to circulate the latest **PM0137** tracked changed legal text for review (**Post Panel note**, **PM0137** has been circulated and confirmation awaited).
6563. The ask of the Panel was:
- **AGREE** the materiality of the STCP change.
 - **AGREE** the implementation next steps.
 - **NOTE** the Proposer had confirmed there are material changes and has reached out to the Authority for a decision.

7. Inflight Modification Updates/Potential New Modifications

6564. The Chair informed the Panel that the Cross Code modification tracker had been shared for their reference and continued to provide an update on **PM0126 - Transmission Impact Assessment process**.
6565. TB continued to give a brief update on **PM0126** which had been developed following [CM080](#), to clarify how the process would be implemented.
6566. GW advised following a review with a colleague from their technical team, some queries were raised on the legal text.
6567. **ACTION** TB and GW to have a discussion offline, resolve the comments, and pending resolution the implementation date is to be confirmed.

8. Workgroup Reports

6568. The Chair advised that no Workgroup Reports were presented for January 2024 Panel

9. Draft Final Modification Reports

6569. The Chair advised there were no Draft Final Modification Reports for the January 2024 Panel.

10. Code Administrator Update

6570. None.

11. Any other Business

6571. NH updated the Panel that on the Energy Code Reform – the consultation had been published on the implementation of Energy Code Reform on 30 January 2024, seeking feedback on the proposed approach including proposals for code consolidation. The

consultation was available on the Ofgem website and would remain open until 23 April 2024. The Energy Code Reform team would be attending Panel meetings during February 2024 and March 2024 to discuss the consultation and give Panel members an opportunity to ask any questions.

- 6572. NH advised that a workgroup was being set up to develop a code modification process that incorporates roles and responsibilities introduced by the reforms. Should anyone be interested in joining this workgroup, requests could be made by emailing industrycodes@ofgem.gov.uk by 4 March 2024.
- 6573. Ofgem advised a second consultation would follow shortly to be published jointly with DESNZ which will cover preferred options for code manager selections and code manager license conditions.
- 6574. NH further advised that there was a new Head of Industry Codes – Gavin Baillie.
- 6575. CM made her introduction and gave an update on Future System Operator and for full details please see the slides.
- 6576. The Chair confirmed that any questions could be directed directly to Carly Malcolm at Ofgem.
- 6577. The Chair also confirmed that an email would be sent out to confirm the actions discussed in this Panel meeting.

Date of next meeting

- 6578. The next STC Panel meeting will be held on **Wednesday 28 February 2024**
- 6579. New Modification Proposal date **Tuesday 13 February 2024**
- 6580. Panel papers day **Tuesday 20 February 2024**