

Final Modification Report			
<h1>GC0159: Introducing Competitively Appointed Transmission Owners</h1> <p>Overview: This modification aims to introduce the concept of Competitively Appointed Transmission Owners (CATOs) to the Grid Code to enable Onshore Network Competition for the design, build and ownership of Onshore Transmission assets.</p>	<h3>Modification process & timetable</h3> <ol style="list-style-type: none"> 1 Proposal Form 29 September 2024 2 Workgroup Consultation 25 January 2023 - 15 February 2023 3 Workgroup Report 21 March 2024 4 2nd Code Administrator Consultation 24 September 2024 - 24 October 2024 5 3rd Draft Modification Report 04 December 2024 <li style="background-color: #e91e63; color: white;">6 Final Modification Report 31 December 2024 7 Implementation 10 BD after Authority decision 		
<p>Have 5 minutes? Read our Executive summary Have 60 minutes? Read the full Final Modification Report Have 120 minutes? Read the full Final Modification Report and Annexes.</p>			
<p>Status summary: This report has been submitted to the Authority for them to decide whether this change should happen.</p>			
<p>Panel recommendation: The Panel has recommended by majority that the Proposer's solution is implemented.</p>			
<p>This modification is expected to have a: High impact on NESO, Transmission Owners, prospective CATO entities (by introducing CATO arrangements) and Low impact on Users</p>			
<p>Modification drivers: Transparency, Cross-Code Change, Efficiency, Governance, Harmonisation, Ofgem-led, System Planning, Energy Act 2023</p>			
Governance route	Standard Governance modification with assessment by a Workgroup		
Who can I talk to about the change?	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> Proposer: Stephen Baker stephen.baker@nationalenergyso.com 07929724347 </td> <td style="width: 50%; vertical-align: top;"> Code Administrator Chair: Catia Gomes Catia.Gomes@nationalenergyso.com 07843816580 </td> </tr> </table>	Proposer: Stephen Baker stephen.baker@nationalenergyso.com 07929724347	Code Administrator Chair: Catia Gomes Catia.Gomes@nationalenergyso.com 07843816580
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Executive summary

This modification aims to introduce the concept of Competitively Appointed Transmission Owners (CATOs) to the Grid Code to enable Onshore Network Competition for the design, build and ownership of Onshore Transmission assets.

What is the solution and when will it come into effect?

Proposer’s solution: The objective of this modification is to implement minimum change to the Grid Code to facilitate the introduction of CATOs. The approach taken is to extend existing relevant Onshore TO provisions as far as appropriate, reflecting Ofgem’s expected licencing regime.

Implementation date: 10 Business Days following Authority decision.

Workgroup conclusions: The Workgroup concluded unanimously that the Original Proposal better facilitated the Applicable Objectives than the Baseline.

Panel recommendation: The Panel has recommended by majority that the Proposer’s solution is implemented.

What is the impact if this change is made?

The introduction of the CATOs concept will impact the NESO, Transmission Owners, prospective CATO entities (by introducing CATO arrangements) and Users.

Interactions

The introduction of competition affects the STC, Grid Code, CUSC and SQSS. Modifications [CM086](#), [CM087](#), PM0134, PM0136, [CMP403](#), [CMP404](#) and [GSR031](#) have also been raised alongside this one.

There are potential interactions with Grid Code modifications GC0103, GC0117, GC0156 and the [Transmission Acceleration Action Plan](#):

- [GC0103](#) seeks to introduce harmonised Applicable Electrical Standards across GB in compliance with EU Electrical Codes, which if implemented will remove potential for conflicts between Standards across different TO areas and make CATOs bound by common GB-wide Standards.
- [GC0117](#) (Improving Transparency and consistency of access arrangements across GB through a pan-GB commonality of Power Station Arrangements) if implemented will impact all TOs.
- [GC0156](#) (Facilitating the Implementation of The Electricity System Restoration Standard) will have implications on CATOs when they are established, in obligating them to meet the requirements of the ESRS, for example in terms of Communications Infrastructure.

[Transmission Acceleration Action Plan](#), similar to GC0103 aims to promote a level playing field as it addresses manufacturing efficiency and international compatibility benefits associated with standardisation proposals, involving a forum created between the National

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Energy System Operator (NESO), Transmission Owners (TOs), equipment manufacturers and Ofgem to review and update equipment standards used within Great Britain.

What is the issue?

On 28 March 2022 Ofgem published its decision to proceed with implementation of the Early Competition model. This has been underpinned by the publication of the Energy Security Bill, which was introduced to Parliament on 06 July 2022. This received Royal Assent on 26 October 2023 and makes provision to enable competitive tenders for delivery of onshore electricity network assets. The Energy Act 2023 introduces powers to enable the Secretary of State to appoint a body to run tenders and to set criteria to determine a network project's eligibility to be competed. It also extends Ofgem's power to make regulations which will set out the process by which tenders will be run.

To allow Early Competition to be implemented effectively, the competition processes, obligations, technical requirements, charges, and remuneration principles need to be embedded within the relevant codes. The introduction of Early Competition affects the Grid Code, SQSS, CUSC and STC among other codes. NESO has proposed this modification in association with modifications [CM086](#), [CM087](#), PM0134, PM0136, [CMP403](#), [CMP404](#) and [GSR031](#).

Why change?

Introducing the concept of CATOs to the relevant industry codes ensures the safe, secure, and coordinated operation of the National Electricity Transmission System (NETS) by establishing both the obligations on CATOs and those entities interacting with CATO assets. The Authority are expected to consult imminently on the needs case for the first project that NESO has requested be delivered through early competition.

Following the completion of a competitive tender, a CATO will be awarded a Transmission Licence and categorised as an Onshore Transmission Owner. As a Licensed TO, CATOs will be subject to broadly the same obligations and frameworks as other Onshore Transmission Owners, endeavouring to ensure a level playing field.

Note: while TOs (and CATOs) are not subject to the requirements of the Grid Code, since the Grid Code is User facing, the STC does require TOs to meet specific Grid Code obligations.

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What is the solution?

Proposer's solution

The objective of this modification is to implement minimum changes to the Grid Code to facilitate the introduction of CATOs. The changes listed below are made on the assumption that a CATO will be granted a Transmission License and will be categorised as an Onshore Transmission Owner.

Legal text.

This can be found in Annex 6

Glossary & Definitions

Additions	Commentary	Purpose
Competitively Appointed Transmission Licensee	new definition	Introduces CATO to Grid Code and ensures captured by it provisions
Competitively Appointed Transmission Licensee Interface Point	new definition	Introduces the electrical point of connection between NGET's and/ or SPT's and/or SHETL's Transmission System and a Competitively Appointed Transmission Licensee's Transmission System
E&W Transmission System	amend to definition, including addition of CATO to definition	Clarifies requirements/standards placed on CATOs will be consistent with NGET's
Local Safety Instructions	addition of CATO to definition	Clarifies that requirements placed on Users connecting to CATO in NGET's transmission area will align with the current provisions
Onshore Transmission Licensee	addition of CATO to definition	Introduces CATO to Grid Code and ensures captured by it provisions
Relevant E&W Transmission Licensee	amend to definition, including addition of CATO to definition	Clarifies requirements/standards placed on CATOs will be consistent with NGET's
Relevant Scottish Transmission Licensee	amend to definition, including addition of CATO to definition	Clarifies requirements/standards placed on CATOs will be consistent with SPT and SHETL'
Relevant Transmission Licensee	amend to definition, including addition of CATO to definition	Introduce CATO as TO
Scottish Transmission System	amend to definition, including addition of CATO to definition	Clarify that CATO's Transmission Systems can be collectively added to SPT's or SHETL's in Scotland

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Transmission Interface Circuit	Change of wording of definition to remove reference to specific TOs	Clarifies requirements of CATOs based on location in which they connect.
Transmission System	Inserted definition used in SQSS GSR031 modification	Separates out where CATO connects to onshore TOs with one and for with more than one Onshore TO, negating need for clarifications to CATO in Small, Medium and Large Power Stations

Planning Code

Code section	Commentary	Purpose
Appendix C, PC.C.1	Insertion of word 'Area'	Housekeeping change
Appendix C, Part 1	With additional comment after Part 1 – SHETL's technical and design criteria to state that the criteria will be used by a CATO at the interface point with SHETL's transmission system	Enables CATOs
Appendix C, Part 2	With additional comment after Part 2 – SPT's technical and design criteria to state that the criteria will be used by a CATO at the interface point with SPT's transmission system	Enables CATOs

Operating Code 9

Code section	Commentary	Purpose
OC9.4.6	Insert reference to "relevant Scottish Competitively Appointed Transmission Licensee Transmission Systems"	Clarify distinction with Pre-existing TOs in Scotland
OC9.4.7.3	Insert reference to Competitively Appointed Transmission Licensees	Enables CATO
OC9.4.7.4	Insert reference to Competitively Appointed Transmission Licensees	Enables CATO, differentiates with Pre-existing TOs
OC9.4.7.7.5	Insert reference to Competitively Appointed Transmission Licensees	Enables CATO

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OC9.4.7.8.1	Insert reference to Competitively Appointed Transmission Licensees	Enables CATO
OC9.4.7.8.2	Insert reference to Competitively Appointed Transmission Licensees	Enables CATO, differentiates with PTOs
OC9.4.7.8.4	Insert reference to Competitively Appointed Transmission Licensees	Enables CATO, differentiates with PTOs

General Conditions

Code section	Commentary	Purpose
GC.A.1.1	Change of spelling of Licensees to Licensees	Housekeeping change

Workgroup considerations

The Workgroup convened 8 times to discuss the perceived issue, detail the scope of the proposed defect, devise potential solutions, and assess the proposal in terms of the Applicable Objectives.

Consideration of the proposer's solution

The proposer delivered a presentation on the Competitively Appointed Transmission Owners (CATOs). Issues highlighted by Workgroup members were as follows:

- Concerns that this modification presents a lot of changes and complexity and that it might rely on STC changes for support.
- Interactions with other codes, specifically the STC. Workgroup members highlighted that impacts on TO obligations need to be clear to avoid issues further down the line.
- Clarity on CATOs obligations and specifics from Ofgem were required to better facilitate the understanding of the change.
- Considerations with representation from CATOs in Panels – considering their obligations and the way they are financed, as OFTOs are not represented in Grid Code the Panel.
- One Workgroup member stated that they expect CATOs to have the same obligations as TOs.

Legal text discussions

The Workgroup discussed the legal text focusing on the following:

- The need to clarify the approach to geographical areas/position and how the CATOs will fit within this.
- It was queried whether a CATO could be appointed to build transmission assets that terminate in two different TO areas. Workgroup members queried which standards the

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CATO would follow if this was possible. One Workgroup member stated that CATOs should have their specific Relevant Electrical Standards RESs (as they are specific to the company not to the area).

- A Workgroup member advised that if in the future the CATOs need to be removed from Grid Code it will be simpler if they have their own definition rather than if they are merged into definition. It was discussed whether CATOs need to have their own definitions to make the distinction with Onshore Transmission Licensees.
- A Workgroup member highlighted the need to consider [GC0117](#) and the decisions that would come from that modification, when looking into the Control Point.
- The Proposer suggested removing the concept of England & Wales (E&W) competitively appointed Transmission system to accommodate the comments made by Workgroup members to the draft legal text regarding the geographical position of the CATO. The Workgroup was happy for this to go ahead but advised the Proposer to be mindful of other definitions where there can be an impact and implications.
- As a licenced TO, whether CATOs will be required to maintain a set of Relevant Electrical Standards (RES). Following Workgroup discussion, it was decided that it wasn't appropriate to reference within the General Conditions the obligation for CATOs to initially form/create a set of Relevant Electrical Standards. This is as per the suggestion of the Workgroup and reflects the fact that TO obligations to maintain RES are not currently set out in the Grid Code. It is the Workgroup view that prospective CATOs will be required to put in place a robust set of RES in reference to any prevailing guidance or appropriate governance processes (which may be established via other on-going policy development initiatives referred to in this document).

Workgroup consultation summary

The Workgroup held their Workgroup Consultation between 25 January 2023 – 15 February 2023 and received 6 responses. The full responses and a summary of the responses can be found in Annexes 3 and 4 respectively. Out of 6 respondents, 5 agreed that the Original proposal better facilitates 1 or more of the applicable Grid Code objectives (mostly a, b, c); 1 respondent did not support the proposal.

There was a split between respondents who supported the implementation approach (4) and respondents who did not (2).

Main highlights were:

- 1 respondent believed it would be in the interest of the wider industry, for CATOs to demonstrate the same accountability as incumbent TOs to ensure reliability and security of the transmission system.
- 1 respondent agreed with the proposed implementation approach, although thought it would be prudent to await the passage of the enabling legislation before submission of the modification report to the Authority.
- 1 respondent believed the concept of CATOs should not be codified until sufficient evidence has been provided by policy makers that four key tests have been satisfied prior to its introduction.
- 1 respondent stated that the draft legal text was flawed in relation to Planning Code Appendix C. This legal text was later reviewed and agreed with the Workgroup.
- 1 respondent believed that the modification has the inbuilt assumptions that CATOs will be granted a Transmission License and will be categorised as an Onshore Transmission Owner. The codification of CATOs should always reflect this assumption.

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All respondents expressed their views on the CATO RES topic, comments included:

- Any RES should be inherited from the incumbent TO, and the CATO shall maintain them.
- Existing RES documents should not be automatically applied to CATOs.
- CATOs' RES documents should be initially determined through the tendering process. Modification of any CATO RESs in future would be done through the existing documented process in the Grid Code.
- It should be the responsibility of the individual transmission owner to determine and establish what a relevant suite of standards for connection to its network are.
- It would be pragmatic for CATOs to initially create their RESs in a way that is cognisant of, and with reference to, the RES applicable to the TO in whose licence area they are located.
- The team managing the tendering process should require the CATO to comply with the RES published in the appendices of the SQSS.

No alternative solutions were raised from the Workgroup Consultation responses.

The full Workgroup Consultation Responses summary file can be found in Annex 4.

Post Workgroup Consultation Discussions

Workgroup members were concerned with NESO's position in terms of the Proposal and their rationale; one Workgroup member questioned if this modification was a directive from Ofgem or if the Workgroup has taken upon themselves to do it at this stage.

The Workgroup felt that the evaluation of the objectives (a, b and c) in the Proposal form were not clear, and some Workgroup members advised that clarity was needed around whether the Workgroup was being asked to assess the benefits of the CATO regime against the baseline and for consumers or if this modification is only intended to introduce the CATO concept to the codes as there is new legislation coming.

The Proposer confirmed that this modification was intended to guide the CATOs as they enter the industry and facilitate the Early Competition model within the code environment, not to advocate for the CATO regime.

Some Workgroup members suggested that the primary legislation should be passed before the modification is approved. The Proposer agreed to wait until primary legislation was in place before submitting the modification.

The Ofgem representative advised that in their perspective, they are very confident in terms of the development of the CATO regime and that Ofgem has made a clear and strong case, hence the legislation being brought forward. They also advised that the worst outcome would be that the CATO regime is approved, without the changes in the codes to support it.

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Post Energy Bill 2023 Royal Assent

The Workgroup convened on 24 November 2023 to progress the work on this modification, as the [Energy Bill 2023](#) received Royal Assent on 26 October 2023.

It was agreed by the Workgroup that the legislation was as expected, and that all work done within this modification is accurate and reflective of it.

The Workgroup confirmed their view regarding the RES and agreed that prospective CATOs should be required to put in place a robust set of RES documents in reference to any prevailing guidance or appropriate governance processes.

The Workgroup Report was presented to the Grid Code Review Panel on 14 December 2023.

The Panel agreed that clarification was needed in the legal text regarding the interactions with GC0156 and decided to send GC0159 back to Workgroup for further work.

The Workgroup convened on the 28 February 2024 and agreed changes to the legal text as a result of considering the GC0156 interactions; the final legal text is captured in Annex 6. The tables below outline several legal text considerations that were initially part of the GC0159 solution, however, were not taken forward into the final solution. The rationale for this is outlined in the tables.

Glossary & Definitions

Additions	Commentary	Purpose
Control Point	Remove Competitively Appointed Transmission Licensees as covered by change to “Transmission System” definition	Removed CATO references in "Small, Medium and Large Power Stations" definitions as have covered this in the amended "Transmission System" definition.
Large Power Station	Remove Competitively Appointed Transmission Licensees as covered by change to “Transmission System” definition	Removed CATO references in "Small, Medium and Large Power Stations" definitions as have covered this in the amended "Transmission System" definition.
Medium Power Station	Remove Competitively Appointed Transmission Licensees as covered by change to “Transmission System” definition	Removed CATO references in “Small, Medium and Large Power Stations” definitions as have covered this in the amended “Transmission System” definition.

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Small Power Station	Remove Competitively Appointed Transmission Licensees as covered by change to "Transmission System" definition	Removed CATO references in "Small, Medium and Large Power Stations" definitions as have covered this in the amended "Transmission System" definition.
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Planning Code

Code section	Commentary	Purpose
Appendix C, PC.C.1	Remove of Competitively Appointed Transmission Licensee reference	Workgroup 7 decided that this is out of scope and for future modifications.

Operating Code 9

Code section	Commentary	Purpose
OC9.4.7.12	No longer required	No longer required due to being deleted as part of GC0156.

Balancing Code 2

Code section	Commentary	Purpose
BC2.5.5.1 and BC2.5.5.2	Reversed addition of CATO into paragraphs for participation in Balancing Mechanism	"Transmission Area" definition now covers this with change undertaken.

General Conditions

Code section	Commentary	Purpose
GC.11.5	Reverse introduction of this line for Application of Electrical Standards	Originally designed to ensure Users connected to CATOs applies CATO standards. Workgroup 7 determined that this does not resolve defect for introducing CATO specifically.

In initial Workgroup discussions, Planning Code Appendix C was developed with an additional "Part 3". On review, the Workgroup agreed to remove "Part 3" from the Planning Code Appendix C proposed Legal Text.

Part 1 and Part 2 exist within Appendix C for SPT and SHETL, and the proposed legal text adds CATO provision for those. Provision for NGET exists elsewhere throughout the Grid Code, however, no such table exists within Appendix C for NGET which is why the Workgroup initially introduced "Part 3" of the proposed legal text to align with the other TOs. The Workgroup recognises that a "Part 3" could be useful, however, noted that it would need development via a separate modification. The scope of the development required is out of scope of GC0159.

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Following feedback received at the Grid Code Review Panel on 21 March 2024, the Workgroup agreed to the following additional legal text changes, which are reflected in the final legal text:

- Removal of the word 'entity' in the definition of Onshore Transmission Licensee.
- In the definitions of a "Relevant E&W Transmission Licensee", "Relevant Scottish Transmission Licensee", "E&W Transmission System", "Scottish Transmission System" and "Relevant Transmission Licensee" inserted "with Plant and Apparatus". This has been done to avoid confusing 'people' and 'assets' as for e.g. the definition of a Relevant E&W Transmission Licensee relates to a 'person' located in NGET's Transmission Area.
- Reverted to baseline wording within PC.C.1 Planning and design of the SPT and SHETL Transmission Systems.

The Workgroup reconvened on 09 September 2024 after the August 2024 Grid Code Review Panel asked them to review a legal text change suggested in the first Code Administrator Consultation, under GR.22.4(ii). The suggested change was to the definition of Relevant Transmission Licensee. Upon review of this change, NESO Legal also suggested a change to the definition of Transmission Interface Circuit. The Workgroup discussed and agreed with these changes.

One Workgroup member raised concerns on how CATO RES documents would be defined and maintained, noting that lack of sight of CATO RES documents could create uncertainty for procuring generating plant. NESO advised that the creation of CATO RES documents would be addressed outside the scope of GC0159.

Legal text

The legal text for this change can be found in Annex 6.

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What is the impact of this change?

Proposer's assessment against Code Objectives

Proposer's assessment against Grid Code Objectives	
Relevant Objective	Identified impact
(a) To permit the development, maintenance, and operation of an efficient, coordinated and economical system for the transmission of electricity	Positive The proposed modification facilitates introduction of Competitively Appointed Transmission assets deemed necessary for required expansion and reinforcement of the NETS.
(b) Facilitating effective competition in the generation and supply of electricity (and without limiting the foregoing, to facilitate the national electricity transmission system being made available to persons authorised to supply or generate electricity on terms which neither prevent nor restrict competition in the supply or generation of electricity);	Positive Network Competition will introduce CATOs assets as part of the NETS through a Competitive procurement process.
(c) Subject to sub-paragraphs (i) and (ii), to promote the security and efficiency of the electricity generation, transmission and distribution systems in the national electricity transmission system operator area taken as a whole;	Neutral
(d) To efficiently discharge the obligations imposed upon the licensee by this license and to comply with the Electricity Regulation and any relevant legally binding decisions of the European Commission and/or the Agency; and	Neutral
(e) To promote efficiency in the implementation and administration of the Grid Code arrangements	Neutral

Note: the Proposer has revised the stated impact of these changes, taking on feedback from Workgroup during post-consultation Workgroup discussions.

Workgroup Vote

The Workgroup met on 24 November 2023 to carry out their Workgroup vote. The full Workgroup vote can be found in Annex 5. The table below provides a summary of the Workgroup members view on the best option to implement this change.

The Applicable Grid Code Objectives are:

- a. To permit the development, maintenance and operation of an efficient, coordinated and economical system for the transmission of electricity
- b. Facilitating effective competition in the generation and supply of electricity (and without limiting the foregoing, to facilitate the national electricity transmission system being made available to persons authorised to supply or generate electricity on terms which neither prevent nor restrict competition in the supply or generation of electricity);

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- c. Subject to sub-paragraphs (i) and (ii), to promote the security and efficiency of the electricity generation, transmission and distribution systems in the national electricity transmission system operator area taken as a whole;
- d. To efficiently discharge the obligations imposed upon the licensee by this license and to comply with the Electricity Regulation and any relevant legally binding decisions of the European Commission and/or the Agency; and
- e. To promote efficiency in the implementation and administration of the Grid Code arrangements

The Workgroup concluded unanimously that the Original better facilitates the Applicable Objectives than the Baseline.

Option	Number of voters that voted this option as better than the Baseline
Original	5

The Workgroup confirmed their voting decisions at the Workgroup on 28 February 2024, following review of the amended legal text.

At the Workgroup on 09 September 2024, the Workgroup again confirmed their voting decisions following review of the amended legal text.

First Code Administrator Consultation Summary

The first Code Administrator Consultation was issued on the 28 March 2024, closed on 29 April 2024 and received 2 non-confidential responses. A summary of the responses can be found in the table below, and the full responses can be found in Annex 9.

First Code Administrator Consultation summary	
Question	
Do you believe that the GC0159 Original Proposal better facilitates the Grid Code Objectives?	Both respondents believed that the Original Proposal better facilitates objective A; one respondent also believes that the Original Proposal better facilitates objective B.
Both respondents indicated that they support the proposed implementation approach.	Both respondents indicated that they support the proposed implementation approach.
Do you have any other comments?	One respondent noted that this modification is part of a suite of modifications across the Codes to

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	enable implementation of Early Competition through the CATO regime.
<p>Legal text issues raised in the consultation</p>	
<p>One respondent highlighted a concern with the definition of Relevant Transmission Licensee, noting that it may need to be reviewed as they do not believe that Competitively Appointed Transmission Licensees will have a Transmission Area. Post consultation the respondent suggested that the Relevant Transmission Licensee definition should be: “Means National Grid Electricity Transmission plc (NGET) in its Transmission Area or SP Transmission plc (SPT) in its Transmission Area or Scottish Hydro-Electric Transmission Ltd (SHETL) in its Transmission Area or any Offshore Transmission Licensee in its Transmission Area or any Competitively Appointed Transmission Licensee with Plant and Apparatus located in NGET’s, SPT’s or SHETL’s Transmission Area as appropriate.” All changes can be referred to in Annex 10. Please note that the legal text was reviewed by the Workgroup following this, and the proposed changes were further amended within the final legal text, which can be found in Annex 6.</p>	
<p>EBR issues raised in the consultation No EBR issues were raised in the Code Administrator Consultation.</p>	

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Second Code Administrator Consultation

A Draft Final Modification Report was originally presented to the May 2024 Grid Code Review Panel. The Panel considered the suggested legal text amendment, which was raised as part of the Code Administrator Consultation, with the ESO representative noting that their legal team were comfortable with the suggested change. One Panel member raised concerns that the absence of CATO Licence details (including whether a CATO would have a Transmission Area specified) could lead to future inconsistencies within the legal text. The Panel directed the ESO to seek policy guidance from the Authority and agreed that this would be required prior to progressing to the Panel Recommendation Vote.

Following guidance from the Authority, noting their intention for a CATO not to have a defined Transmission Area, the Panel discussed GC0159 at the August 2024 Grid Code Review Panel. Under GR.22.4(ii), the Panel directed the Workgroup to review the legal text amendment suggested in the first Code Administrator Consultation, and any associated impacts this would have on the legal text, prior to the modification proceeding to a second Code Administrator Consultation. Workgroup discussions relating to this can be found in the Workgroup Considerations section above.

Second Code Administrator Consultation Summary

The second Code Administrator Consultation was issued on the 24 September 2024, closed on 24 October 2024 and received 2 responses. A summary of the responses can be found in the table below, and the full responses can be found in Annex 12.

Second Code Administrator Consultation summary	
Question	
Do you believe that the GC0159 Original Proposal better facilitates the Grid Code Objectives?	One Respondent believes the proposed solution better facilitates objective A and the other believes the proposed solutions better facilitates objective A and B
Do you support the proposed implementation approach?	Both Respondents supported the proposed implementation approach
Do you have any other comments?	One Respondent commented that this modification forms part of a suite of modifications across the Codes to enable implementation of Early Competition through the CATO regime.
Legal text issues raised in the consultation	
One Respondent commented on the Glossary and Definitions and the Planning Code; the full response to the Code Administrator Consultation can be found in Annex 12. They noted that it is not their intention to delay the implementation of CATOs by providing these	

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comments; they would be content if NESO thought these comments were not relevant or could be considered at a later stage.

The respondent suggested several typographical amendments to the legal text, which can be found in Annex 11.

A query was also raised regarding the definition of “Transmission Interface Circuit” and whether it could be simplified. The Proposer met with the respondent and agreed that both versions of the definition could work, however the Proposer noted they preferred the definition consulted upon, which the respondent was happy with.

A query was raised regarding clarity at boundaries in “Technical and Design Criteria” in the Planning Code, concerning which technical and design standards apply to the Competitively Appointed Transmission Plant and Apparatus. The Proposer met with the respondent and noted that the diagrams discussed within the Workgroup covered this point; the respondent was happy that the Workgroup had considered this.

EBR issues raised in the consultation.

No EBR issues were raised in the Code Administrator Consultation

Panel Recommendation vote

The Panel met on the 12 December 2024 to carry out their recommendation vote.

They assessed whether a change should be made to the Grid Code by assessing the proposed change and any alternatives against the Applicable Objectives.

Panel comments on Legal text

Ahead of the vote taking place, the Panel considered the legal text amendments proposed as part of the second Code Administrator Consultation and agreed that they were typographical and that they should be incorporated into the final legal text (Annex 6). A summary of the changes made can be found in Annex 11.

Vote 1: Does the Original proposal facilitate the Applicable Objectives better than the Baseline?

Panel Member: **Alan Creighton, Network Operator Representative**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	Yes	Neutral	Neutral	Neutral	Neutral	Yes
Voting Statement						
Establishing a framework for CATOs within the Grid Code facilitates their implementation together with the associated benefits.						

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Panel Member: **Claire Newton, NESO**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	Neutral	Yes	Neutral	Yes	Yes	Yes
Voting Statement						
The changes to the Grid Code contained within this modification introduce Competitively Appointed Transmission Owners (CATOs) and their roles alongside modifications to other Codes. This supports the objectives of the Grid Code and delivery of infrastructure in line with current policy.						

Panel Member: **David Monkhouse, Offshore Transmission Licensee**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	Yes	Yes	Neutral	Neutral	Neutral	Yes
Voting Statement						
The modification allows for the introduction of CATO.						

Panel Member: **Graeme Vincent, Alternate Network Operator Representative**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	Neutral	Neutral	Neutral	Yes	Neutral	Yes
Voting Statement						
As a result of wider legislative changes, the modification is necessary to ensure that the concept of competitively awarded transmission owners (CATOs) is introduced into the Grid Code to ensure that CATOs are treated (within the Grid Code) in a consistent manner as existing onshore transmission licensees. Whilst perhaps the not the most efficient drafting the proposed modifications achieves the aims.						

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Panel Member: **John Harrower, Generator Representative**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	Neutral	Yes	Neutral	Neutral	Neutral	Yes
Voting Statement						
This modification introduces changes to the Grid Code to facilitate the introduction of CATOs. It is understood that the Authority does not intend for CATOs to have their own defined transmission areas.						

Panel Member: **Ross Kirkwood, Onshore Transmission Licensee**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	No	Neutral	No	Yes	Neutral	No
Voting Statement						
This modification seeks to implement changes to the Grid Code to introduce the concept of CATOs. As the Onshore TO rep on the GCRP it is not believed that the introduction of CATOs better facilitates the objectives when compared to the baseline (i.e. as the setup currently is).						
The concept of CATOs better enabling the "the development, maintenance and operation of an efficient, coordinated and economical system for transmission of electricity" has not been demonstrated and in fact adds more uncertainty into the development of the transmission system as a whole nor has any similar assessment been carried out against CATOs promoting the "security and efficiency" of the transmission system.						
As a result the overall vote is that the Original does not better facilitate the Current Baseline as sufficient assessments have not been undertaken to then understand the impact these changes would have on the Grid Code.						

Panel Member: **Sigrid Bolik, Generator Representative**

	Better facilitates AO (a)?	Better facilitates AO (b)?	Better facilitates AO (c)?	Better facilitates AO (d)?	Better facilitates AO (e)?	Overall (Y/N)
Original	Yes	Yes	Neutral	Neutral	Neutral	Yes

Public

Voting Statement

The challenges with this change are sufficiently highlighted within the report, specifically representation on the GCRP and acceptance of regional conditions for the new assets. This is beyond the legal txt change of the grid code. These changes are necessary to allow CATO's to operate and clarify the position for users.

Vote 2 – Which option (Original Proposal or Baseline) best facilitates the applicable Grid Code objectives?

Panel Member	Best Option	Which objectives does this option better facilitate? (If baseline not applicable).
Alan Creighton	Original	A
Claire Newton	Original	B,D,E
David Monkhouse	Original	A,B
Graeme Vincent	Original	D
John Harrower	Original	B
Ross Kirkwood	Baseline	N/A
Sigrid Bolik	Original	A,B

Panel conclusion

The Panel has recommended by majority that the Proposer's solution is implemented.

When will this change take place?

Implementation date

10 Business Days after Authority decision

Date decision required by

Decision required to be in line with other CATO modifications.

Implementation approach

No systems or processes will be required to change as a result of this modification.

Public

Interactions

- | | | | |
|---|--|--|--|
| <input checked="" type="checkbox"/> CUSC | <input type="checkbox"/> BSC | <input checked="" type="checkbox"/> STC | <input checked="" type="checkbox"/> SQSS |
| <input type="checkbox"/> European Network Codes | <input checked="" type="checkbox"/> EBR Article 18 T&Cs ¹ | <input type="checkbox"/> Other modifications | <input type="checkbox"/> Other |

In addition to this modification, STC, CUSC and SQSS modifications have been raised, as follows:

- CM086: Introducing Competitively Appointed Transmission Owners & Transmission Service Providers
- CM087: Introducing Connections Process to facilitate Competitively Appointed Transmission Owners
- CMP403 and CMP404: Introducing Competitively Appointed Transmission Owners & Transmission Service Providers (Section 14 and 11)
- GSR031: Introducing Competitively Appointed Transmission Owners

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CATO	Competitively Appointed Transmission Owner
CUSC	Connection and Use of System Code
EBR	Electricity Balancing Regulation
ESO	Electricity System Operator
E&W	England & Wales
GC	Grid Code
NETS	National Electricity Transmission System
RES	Relevant Electrical Standards
SIL	Stable Import Limit
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions
Q1	Quarter 1 (January to March)

Public

Q2	Quarter 2 (May to June)
Q3	Quarter 3 (July to September)
Q4	Quarter 4 (October to December)

Reference material

- [Ofgem’s Decision on the development of early competition in onshore electricity transmission networks sets out the model of early competition and criteria for network project eligibility to be competed \(2022\)](#)
- [BEIS Guidance Note: Energy Security Bill factsheet: Competition in onshore electricity networks](#)
- [ESO Early Competition Plan final publication](#)
- [Energy Act 2023](#)

Annexes

Annex	Information
Annex 1	Proposal form
Annex 2	Terms of reference
Annex 3	Workgroup Consultation responses
Annex 4	Workgroup Consultation summary table
Annex 5	Workgroup Vote
Annex 6	Final Legal Text
Annex 7	What is a CATO?
Annex 8	Distribution List
Annex 9	First Code Administrator Consultation Responses
Annex 10	Legal Text Changes, Post First Code Administrator Consultation
Annex 11	Legal Text Changes, Post Second Code Administrator Consultation
Annex 12	Second Code Administrator Consultation Responses