

Title of the STC Modification Proposal

Consequential changes following Implementation of the Third Package and other miscellaneous changes.

Submission Date

22 January 2014

Description of the Issue or Defect that the STC Modification Proposal seeks to address

The Third Package legislation was introduced in Great Britain through the Statutory Instrument for the Electricity and Gas (Internal Markets) Regulations 2011 which came into effect on 10 November 2011. The Statutory Instrument fully transposes the Third Package into UK law. As a result of these changes, a number of changes were made to the gas and electricity licences, including National Grid's Electricity Transmission (NGET) Licence.

There are two main changes that resulted from the Third Package. The first was the introduction of a new Relevant Objective which seeks to ensure that Industry Codes, and therefore any proposed modifications to industry codes, facilitate:

“compliance with the Electricity Regulations and any relevant legally binding decision of the European Commission and/or Agency”.

The second change to the licence conditions was the ability for the Authority to raise modifications which the ‘Authority reasonably considers are necessary to comply with or implement the Regulations and/or any relevant legally binding decisions of the European Commission and/or the Agency.’ Further to this, a number of rules are then applied. Firstly, that the modifications must be accepted into the process, secondly that the modification cannot be withdrawn without the Authority's consent, and thirdly that an Authority timetable will apply where one is specified.

No Modifications were raised to put this ability into the STC at that time as following the changes to Condition B12 of the Electricity Transmission Standard Conditions; it was identified that the current wording could be interpreted in such a way that the Authority could raise any kind of modification.

In November 2012, Ofgem issued a consultation on further proposed licence changes following the implementation of the Third Package and other miscellaneous changes. One part of this consultation was to clarify the circumstances under which the authority could raise Modifications. The Authority issued a second consultation on 29 July 2013 on modifications to

the licences that it considered may be required. On 22 October 2013 the Authority notified the industry of its decision to modify electricity licence conditions following the implementation of the Third Package and other housekeeping changes, which took effect from 17 December 2013.

As a result of these clarifications to the licence wording, this STC Modification Proposal has been raised to amend the code to reflect the conditions under which the Authority can raise Modifications and the actions that affected parties will need to take or consider.

Description of the STC Modification Proposal

This Modification is proposing amendments to STC Section B and Section J to enable the Authority to raise modifications to the STC that it considers necessary to comply with or implement the Electricity Regulation and/or any relevant legally binding decisions of the European Commission and/or Agency.

Currently the STC has no provisions for how the Authority can raise, or direct the Licensee to raise, Modifications Proposals in order to ensure that the STC complies with the relevant Electricity Regulations and legally binding decisions from Europe. Following the implementation of the changes to Electricity Transmission Licence Standard Conditions (SLC) B12 under the Third Package¹, the STC requires amendment in order to be consistent with the licence changes. Therefore, the STC will need to be amended to include the following elements:

1. To allow the Authority to raise or direct the Licensee to raise STC Modification Proposals to implement 'Electricity Regulations' and 'any legally binding decisions from Europe'.²
2. To apply the caveats in the licence to modifications which are raised by the *Authority* in relation to the relevant Electricity Regulations.
3. To apply the caveats in the licence to modifications which are raised by the *licensee* following an Authority direction to raise such a Proposal.

In regard to items 2 and 3 above, these caveats relate to such proposals (i) being accepted into the STC Modification process, (ii) where raised by the licensee, not to be withdrawn without the Authority's consent, and (iii), to proceed in accordance with any timetable directed by the Authority.

Impact on the STC

Changes will be required to Section B – Governance and Section J – Interpretations and Definitions.

Do you believe the STC Modification Proposal will have a material impact on Greenhouse Gas Emissions? Yes / No

No.

Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information

BSC

Grid Code

CUSC

Other
(please specify)

None identified.

Urgency Recommended: Yes / No

No.

Justification for Urgency Recommendation

If you have answered yes above, please describe why this Modification should be treated as Urgent.

An Urgent Modification Proposal should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a) A significant commercial impact on parties, consumers or other stakeholder(s); or*
- b) A significant impact on the safety and security of the electricity and/or has systems;*
or
- c) A party to be in breach of any relevant legal requirements.*

You can find the full urgency criteria on the Ofgem's website:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=213&refer=Licensing/IndCodes/Governance>

Self-Governance Recommended: Yes / No

No.

Justification for Self-Governance Recommendation

If you have answered yes above, please describe why this Modification should be treated as Self-Governance.

A Modification Proposal may be considered Self-governance where it is unlikely to have a material effect on:

- Existing or future electricity consumers;
- Competition in generation or supply;
- The operation of the transmission system;
- Security of Supply;
- Governance of the STC
- And it is unlikely to discriminate against different classes of STC Parties.

Should this CUSC Modification Proposal be considered exempt from any ongoing Significant Code Reviews?

Yes there are no interactions with any current SCR.

Please justify whether this modification should be exempt from any Significant Code Review (SCR) undertaken by Ofgem. You can find guidance on the launch and conduct of SCRs on Ofgem's website, along with details of any current SCRs at:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=197&refer=Licensing/IndCodes/Governance>.

For further information on whether this Proposal may interact with any ongoing SCRs, please contact the Panel Secretary.

Impact on Computer Systems and Processes used by STC Parties:

None identified.

Details of any Related Modification to Other Industry Codes

Like for like proposals have been raised under the CUSC (CMP225) and the BSC (P298).

Justification for STC Modification Proposal with Reference to Applicable STC Objectives:

Please tick the relevant boxes and provide justification:

(a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act

The proposed changes to the STC will allow the transmission licensees to meet the new obligations imposed on them through the transmission licence.

(b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission

(c) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity

(d) protection of the security and quality of supply and safe operation of the national electricity transmission system insofar as it relates to interactions between transmission licensees

(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.

The proposed changes will ensure that the STC accurately reflects the provisions set out in Standard Licence Condition B12 covering the circumstances and processes to be followed in relation to Authority raised or directed Modifications, therefore ensuring that such proposals are progressed efficiently and effectively.

(f) facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;

(g) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

The proposed changes ensure that the STC complies with changes resulting from the Electricity and Gas (Internal Markets) Regulations 2011 and enabling the STC to be aligned with any future electricity regulation.

These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition B12, paragraph 3.

This section is mandatory. You should detail why this Proposal better facilitates the Applicable STC Objectives compared to the current baseline. Please note that one or more Objective must be justified.

Additional details

Details of Proposer: (Organisation Name)	National Grid Electricity Transmission Plc
Capacity in which the STC Modification Proposal is being proposed: (i.e. STC Party or other Party as designated by the Authority pursuant to STC Section B7.2.2.1 (b))	STC Party
Details of Proposer's Representative: Name: Organisation: Telephone Number: Email Address:	Emma Radley National Grid Electricity Transmission Plc 01926 655223 Emma.radley@nationalgrid.com

Details of Representative's Alternate:	
Name:	Alex Thomason
Organisation:	National Grid Electricity Transmission Plc
Telephone Number:	01926 656379
Email Address:	Alex.thomason@nationalgrid.com
Attachments (Yes/No):	
No.	

Contact Us

If you have any questions or need any advice on how to fill in this form please contact the Modification Panel Secretary:

E-mail STCTeam@nationalgrid.com

Phone: 01926 653509

For examples of recent STC Modifications Proposals that have been raised please visit the National Grid Website at

<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/currentamendmentproposals/>

Submitting the Proposal

Once you have completed this form, please return to the Panel Secretary, either by email to Lucy.Hudson@nationalgrid.com and copied to STCTeam@nationalgrid.com, or by post to:

Lucy Hudson
 STC Modification Panel Secretary, TNS
 National Grid Electricity Transmission plc
 National Grid House
 Warwick Technology Park
 Gallows Hill
 Warwick
 CV34 6DA

The Modification Panel Secretary will check the form has been completed, in accordance with the requirements of the STC. If no more information is required, the Modification Panel Secretary will contact you with a Modification Proposal number and the date the Proposal will be considered by the Panel. If, in the opinion of the Modification Panel Secretary, the form fails to provide the information required in the STC, the Proposal can be rejected. You will be informed of the rejection and the Modification Panel will discuss the issue at the next meeting. The Modification Panel can reverse the Modification Panel Secretary's decision and if this happens the Modification Panel Secretary will inform you.