

**VERSION FOR INDUSTRY**  
**CONSULTATION**

Responses should be sent to  
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on or before  
11<sup>th</sup> August 2010

## **PROPOSED AMENDMENT REPORT**

### **STC Proposed Amendment CA038 Transitional Election Arrangements for Offshore Transmission Owners**

*The purpose of this report is to assist the  
Authority in their decision of whether to  
implement Amendment Proposal CA038*

Amendment Ref	CA038
Issue	0.2
Date of Issue	27th July 2010
Prepared by	STC Committee

**I DOCUMENT CONTROL****a STC Document Control**

Version	Date	Author	Change Reference
0.1	23/06/10	STC Committee	Draft for STC Committee
0.2	27/07/10	STC Committee	Proposed Amendment Report for Industry Consultation

**b Document Location**

Nation Grid Website:

<http://www.nationalgrid.com/uk/Electricity/Codes/sotocode/>

**c Distribution**

Name	Organisation
The Gas and Electricity Markets Authority	Ofgem
STC Parties	Various
Interested Parties	Various
Core Industry Document Owners	Various
National Grid Industry Information Website	

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## **1.0 SUMMARY AND RECOMMENDATION**

- 1.1 STC Amendment Proposal CA038 proposes to introduce additional text into Section B Paragraph 6.1.2. This additional text will create interim arrangements to allow new Offshore Transmission Owners (OFTOs) to be represented on the STC Committee prior to exiting STC provision taking effect.
- 1.2 STC Amendment Proposal CA038 was proposed by NGET and submitted for consideration to the STC Committee meeting on 25<sup>th</sup> May 2010.
- 1.3 The STC Committee has discussed the Proposed Amendment CA038 and has recommended that it proceeds to the Assessment and Report Phase.

### **STC Committee Recommendation**

- 1.4 The STC Committee provisionally recommends that STC Amendment Proposal CA038 to be approved for implementation.
- 1.5 Should the Authority approve STC Amendment Proposal CA038, it is provisionally recommended that the STC be modified 5 days after the Authority decision.

## **2.0 PURPOSE AND SCOPE OF THE REPORT**

- 2.1 This Proposed Amendment Report has been prepared and issued by the STC Committee under the rules and procedures specified in the System Operator – Transmission Owner Code.
- 2.2 As a result of the proposed offshore transmission regime which went active on 24<sup>th</sup> June 2009, a new category of STC Party has been created, namely an Offshore Transmission Owner (OFTO). There are no OFTOs at the time of writing this proposed Amendment Report as no Offshore Transmission Licences have yet been granted by DECC. However, OFTOs are expected to accede to the STC in the next few weeks.
- 2.3 Further to the submission of Amendment Proposal CA038 (see Annex 1), this document is addressed and furnished to persons who have a relevant interest in the Proposed Amendment and invites views upon the Amendment Proposal CA038.
- 2.4 This document outlines the nature of the STC changes that are proposed and incorporates the provisional recommendations from each STC Party to the Authority concerning the Amendment.
- 2.5 This Proposed Amendment Report has been prepared in accordance with the terms of the STC. An electronic copy can be found on the National Grid website, at <http://www.nationalgrid.com/uk/Electricity/Codes/sotocode/>.

### **3.0 THE PROPOSED AMENDMENT**

- 3.1 STC Amendment Proposal CA038 proposes to introduce additional text into Section B Paragraph 6.1.2. This additional text will create interim arrangements to allow new OFTOs to be represented on the STC Committee prior to existing STC provisions coming into effect.
- 3.2 Current arrangements within the STC set out a strict timetable for OFTOs to be elected to join the Committee. As OFTOs are expected to be announced in the coming weeks, and under the existing arrangements, there will be a period of time where OFTOs are STC Parties but will not be represented on the Committee. This proposal seeks to create interim arrangements which allow new OFTOs to be represented on the Committee outside of the existing timetable.

### **4.0 ALTERNATIVE AMENDMENTS**

- 4.1 No Alternative Amendments to CA038 were submitted.

### **5.0 EVALUATION PHASE**

- 5.1 The STC Committee considered that CA038 should be referred directly to the Assessment and Report Phase, and therefore the Evaluation Phase was not required.

### **6.0 STC PARTIES' ASSESSMENTS**

- 6.1 This section contains a summary of the views and representations made by STC Parties during the Assessment Phase in respect of the Proposed Amendments, in accordance with Section B, Paragraph 7.2.5.2 of the STC.

#### **National Grid View**

- 6.2 National Grid is supportive of Amendment Proposal CA038, and has carried out an Assessment of the Proposed Amendment.
- 6.3 The implementation of CA038 would not have any physical impact on National Grid's Transmission System or require changes to the IS Systems. No additional works or monies would be required to implement the proposed change.

#### **Scottish Hydro-Electric Transmission Limited (SHETL) View**

- 6.4 Scottish Hydro-Electric Transmission Limited (SHETL) is supportive of Amendment Proposal CA038, and has carried out an Assessment of the Proposed Amendment.
- 6.5 The implementation of CA038 would not have any physical impact on SHETL's Transmission System or require changes to the IS Systems. No additional works or monies would be required to implement the proposed change.

#### **SP Transmission Limited (SPT) View**

- 6.6 SPT is supportive of Amendment Proposal CA038, and have completed an Assessment on the Proposed Amendment.

- 6.7 The implementation of CA038 would not have any physical impact on SPT System(s) or require changes to IS systems. No additional works or monies would be required to implement the proposed change.

## **7.0 IMPACT ON THE STC/STCPs**

- 7.1 The Proposed Amendment would require amendments to Section B, Paragraph 6.1.2 of the STC to create interim voting arrangements for OFTOs.
- 7.2 The text required to give effect to the Proposed Amendment is attached in Annex 2.

## **8.0 IMPACT ON CORE INDUSTRY DOCUMENTS**

- 8.1 The Proposed Amendment would have no impact on Core Industry Documents or Industry documentation or require any changes to computer systems established under Core Industry Documents.

## **9.0 STC COMMITTEE VIEWS & RECOMMENDATION**

- 9.1 The STC Committee believes that amendment of the STC on the basis of CA038 would better facilitate achievement of the following applicable STC objectives detailed below:

- (a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act;
- (b) development, maintenance and operation of an efficient, economical 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; and
- (e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.

- 9.2 The STC Committee believe that CA038 has a cost neutral environmental impact as it is purely an administrative process that is being proposed.

- 9.3 The STC Committee therefore provisionally recommends that the Authority should approve Amendment Proposal CA038 for implementation.

## **10.0 IMPLEMENTATION AND TIMESCALES**

- 10.1 Should the Authority approve Amendment Proposals CA038 it is recommended that the STC be modified 5 business days after the Authority's decision.

## **11.0 VIEWS AND REPRESENTATIONS**

- 11.1 Views are invited from Industry parties upon the Proposed Amendment contained within this Proposed Amendment Report.
- 11.2 Any representations received will be summarised in Section 11 of the Amendment Report submitted to the Authority (version 2.0 of this document), and will be reproduced in Annex 3.

**Annex 1 - Amendment Proposal Form****STC Amendment Proposal Form****CA038 v0.2**

<p><b>1. <u>Title of Amendment Proposal</u></b></p> <p>Transitional election arrangements for Offshore Transmission Owners.</p>
<p><b>2. <u>Description of the Proposed Amendment</u></b></p> <p>This amendment proposes to amend Paragraph 6 of Section B (Governance) to create a 'Transitional Period' in which Offshore Transmission Owners (OFTOs) are able to be represented on the STC Committee for the periods which Annex B1 of Section B cannot be enforced.</p>
<p><b>3. <u>Description of Issue or Defect that Proposed Amendment seeks to Address</u></b></p> <p>Currently OFTOs can only be elected to the STC committee by following a specific timetable set out in Annex B1 of Section B of the STC. However, this timetable does not align with the accession of new parties to the STC and as a result OFTOs could not be represented on the STC committee until 1<sup>st</sup> April 2011.</p>
<p><b>4. <u>Impact on the STC</u></b></p> <ul style="list-style-type: none"> <li>▪ Amendments to Section B, paragraph 6</li> </ul>
<p><b>5. <u>Impact on other frameworks e.g. CUSC, BSC</u></b></p> <p>a. None</p>
<p><b>6. <u>Impact on Core Industry Documentation</u></b></p> <p>a. None</p>
<p><b>7. <u>Impact on Computer Systems and Processes used by STC Parties</u></b></p> <p>a. None</p>
<p><b>8. <u>Details of any Related Modifications to Other Industry Codes</u></b></p> <p>a. None</p>
<p><b>9. <u>Justification for Proposed Amendment with Reference to Applicable STC Objectives (mandatory field)</u></b></p> <p>Amending the STC in this manner would mean that the following objectives are better facilitated:</p> <ul style="list-style-type: none"> <li>(a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act;</li> <li>(b) development, maintenance and operation of an efficient, economical coordinated system of electricity transmission;</li> <li>(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;</li> <li>(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; and</li> <li>(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.</li> </ul>

<b>Details of Proposer</b> Organisation's Name	National Grid Electricity Transmission plc
<b>Capacity in which the Amendment is being proposed</b> (i.e. STC Party or other Party as designated by the Authority pursuant to STC section B7.2.2.1 (b))	STC Party
<b>Details of Proposer's Representative</b> Name Organisation Telephone Number Email Address	Bec Thornton National Grid Electricity 01926 656386 <a href="mailto:Bec.Thornton@uk.ngrid.com">Bec.Thornton@uk.ngrid.com</a>
<b>Details of Representative's Alternate</b> Name Organisation Telephone Number Email Address	Kathryn Sorrell National Grid Electricity Transmission plc 01189 363161 <a href="mailto:Kathryn.Sorrell@uk.ngrid.com">Kathryn.Sorrell@uk.ngrid.com</a>
Attachments (Yes/No): No	

**Notes:**

1. Those wishing to propose an Amendment to the STC should do so by filling in this "Amendment Proposal Form" that is based on the provisions contained in Section 7.2 of the STC.
2. The Committee Secretary will check that the form has been completed, in accordance with the requirements of the STC, prior to submitting it to the Committee. If the Committee Secretary accepts the Amendment Proposal form as complete, then she/he will write back to the Proposer informing them of the reference number for the Amendment Proposal and the date on which the Committee will consider the Proposal. If, in the opinion of the Committee Secretary, the form fails to provide the information required in the STC, then he/she may reject the Proposal. The Committee Secretary will inform the Proposer of the rejection and report the matter to the Committee at their next meeting. The Committee can reverse the Committee Secretary's decision and if this happens the Committee Secretary will inform the Proposer.

The completed form should be returned to:

Kabir Ali  
STC Committee Secretary  
Regulatory Frameworks  
National Grid Company plc  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick, CV34 6DA

Or via e-mail to: [STCTeam@uk.ngrid.com](mailto:STCTeam@uk.ngrid.com)

## Annex 2 – Proposed Text to modify STC

*The proposed text to modify the STC can be found the below section:*

### **1. Part of Section B**

#### **Section B Paragraph 6.1.2**

#### **6. THE COMMITTEE**

##### **6.1 Establishment and composition**

6.1.1 The Parties shall establish a committee ("**Committee**") which shall be constituted in accordance with the further provisions of this paragraph 6.

6.1.2 Representatives of the Parties ("**Party Representatives**") shall be entitled to attend each meeting of the Committee ("**Committee Meeting**"). Such Party Representatives shall be appointed as follows:

- NGET may appoint not more than two persons by giving notice of such appointment to the Committee Secretary, and may remove and re-appoint by notice.
- Each Onshore Transmission Owner may appoint not more than two persons by giving notice of such appointment to the Committee Secretary, and may remove and re-appoint by notice.
- Prior to 31<sup>st</sup> March 2011, Offshore Transmission Owners may appoint not more than two persons for the period up to 31<sup>st</sup> March 2011 by jointly giving notice of such appointment to the Committee Secretary. Effective from 1<sup>st</sup> April 2011 and there after. Offshore Transmission Owners may appoint not more than two persons in accordance with Annex B1.

**Annex 3 – Copies of Comments received on the Proposed Amendment Report**

*[To be completed when comments are received]*

This Annex includes copies of any representations received following circulation of the Proposed Amendment Report (circulated on 27<sup>th</sup> July 2010, requesting comments by close of business on 11<sup>th</sup> August 2010)

Representations were received from the following parties:

No.	Company	File Number
1		CA038-AR-01