

**VERSION FOR INDUSTRY
CONSULTATION**

Responses should be sent to
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on or before 6th April 2006

PROPOSED AMENDMENT REPORT

STC Proposed Amendment CA018

Removal of the Restriction on Proposing Alternative Amendments

*The purpose of this report is to assist the Authority
in their decision of whether to implement
Amendment Proposal CA018*

Amendment Ref	CA018
Issue	1.0
Date of Issue	23 rd March 2006
Prepared by	STC Committee

I DOCUMENT CONTROL**a STC Document Control**

Version	Date	Author	Change Reference
0.1	10/03/06	STC Committee	Draft for STC Committee
0.2	15/03/06	STC Committee	Revised draft for STC Committee
1.0	23/03/06	STC Committee	Draft for Industry Consultation

b Document Location

National 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	

II CONTENTS TABLE

I	DOCUMENT CONTROL.....	2
	a STC Document Control	2
	b Document Location	2
	c Distribution	2
II	CONTENTS TABLE.....	3
1.0	SUMMARY AND RECOMMENDATION.....	4
2.0	PURPOSE AND INTRODUCTION	4
3.0	THE PROPOSED AMENDMENT	4
4.0	ALTERNATIVE AMENDMENTS	5
5.0	EVALUATION PHASE.....	5
6.0	STC PARTIES' ASSESSMENTS	6
7.0	IMPACT ON THE STC.....	6
8.0	IMPACT ON CORE INDUSTRY DOCUMENTS	6
9.0	STC COMMITTEE VIEWS AND RECOMMENDATION	7
10.0	IMPLEMENTATION AND TIMESCALES	7
11.0	INDUSTRY VIEWS AND REPRESENTATIONS	7
	ANNEX 1 - AMENDMENT PROPOSAL FORM	9
	ANNEX 2 - PROPOSED TEXT TO AMEND THE STC	12
	ANNEX 3 - COPIES OF COMMENTS RECEIVED ON THE PROPOSED AMENDMENT REPORT	13

1.0 SUMMARY AND RECOMMENDATION

- 1.1 STC Amendment Proposal CA018 seeks to remove from the STC the restriction that each Party may only propose one Alternative Amendment.
- 1.2 Amendment Proposal CA018 was proposed by National Grid Electricity Transmission plc (“National Grid”) and submitted for consideration to the STC Committee Meeting on Tuesday, 21st February 2006. The Committee recommended that it proceed to the Assessment and Report Phase.

STC Committee Provisional Recommendation

- 1.3 Pending any representations to the Committee following the circulation of this Proposed Amendment Report, the STC Committee provisionally recommends that CA018 be approved for implementation.
- 1.4 Should the Authority approve CA018, the STC Committee recommends that the STC be modified 5 business days after the Authority’s decision.

2.0 PURPOSE AND INTRODUCTION

- 2.1 This Amendment Report has been prepared and issued by the STC Committee under the rules and procedures specified in the System Operator – Transmission Owner Code. It addresses issues relating to the removal of the restriction on proposing Alternative Amendments.
- 2.2 Further to the submission of Amendment Proposal CA018 (see Annex 1), this document is addressed and furnished to persons who have a relevant interest in the Proposed Amendments and invites views upon Amendment Proposal CA018.
- 2.3 This document outlines the nature of the STC changes that are proposed. It incorporates the STC Committee’s provisional recommendation concerning the Amendment.
- 2.4 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 CA018 was proposed by National Grid to remove from the STC the restriction that each Party may only propose one Alternative Amendment.
- 3.2 Paragraph 7.2.2.8 of Section B of the STC currently limits parties to proposing only one Alternative Amendment. This has complicated STC Amendment Proposals designed to “back-off” CUSC Amendment Proposals, which may contain a greater number of Alternatives.
- 3.3 The major example of this to date is CUSC Amendment Proposal CAP097, which included eight Alternatives to the Original Proposal. In order to concurrently present a consequential STC amendment to the Authority, it was necessary for the proposer to propose two STC Amendment Proposals (CA016 and CA017), with an Alternative Amendment to each.

- 3.4 In the view of the proposer of CA018, the requirement to adopt the above approach compromised the facilitation of the STC Committee's duty under paragraph 7.2.9 of Section B of the STC to co-ordinate changes across the codes, and had the following specific disadvantages:
- Proposing and developing multiple wholly separate Amendment Proposals is inefficient
 - Proposing and developing multiple Amendment Proposals is less transparent than a number of Alternatives to a single proposal because the material is not all in one place
 - It would technically be possible for multiple proposals to be approved, where as the aim is to "back-off" a single CUSC Amendment Proposal
- 3.5 Additionally, where the proposer of a proposal also proposes an Alternative Amendment, other Parties are currently unable to propose Alternatives to both the Original Proposal and to the proposer's Alternative Amendment. In the example above, when another STC Party wished to propose alternatives to CA017, that Party was unable to propose two alternatives, and therefore had to propose CA019 and a CA019 Alternative Amendment.
- 3.6 CA018 therefore proposes to remove from the STC the restriction that each Party may only propose one Alternative Amendment. This would be achieved simply by changing the legal text in paragraph 7.2.2.8 of Section B of the STC from stating that each party "may propose one alternative" to "may propose one or more alternatives".
- 3.7 This would allow any future relevant CUSC Amendment Proposals to be "backed-off" in one STC Amendment Proposal, and would allow other Parties to propose Alternatives to both the Original Proposal and to any of the proposer's Alternatives.
- 3.8 It is considered by the proposer of CA018 that any risk of spurious Alternative Amendments being proposed as a result of the approval and implementation of CA018 is significantly mitigated due to the small number of Parties to the STC. Indeed, the Parties have already worked together to minimise the number of alternatives, as shown in the example of CAP097 where nine CUSC alternatives were initially reduced to four options for the STC (CA016, CA017 and an alternative to each). Although there was then some disagreement between the Parties in respect of the CA017 Amendments, the significant co-operation between them continued such that common wording for CA017 (and its alternative) and CA019 (and its alternative) was agreed, except for the small specific areas of difference.

4.0 ALTERNATIVE AMENDMENTS

- 4.1 No Alternative Amendments to CA018 have been submitted.

5.0 EVALUATION PHASE

- 5.1 The STC Committee considered the Proposed Amendment CA018 and believes that no further information is required in order that the Parties may assess the Proposed Amendment. The Evaluation Phase is therefore not required for Amendment Proposal CA018.

6.0 STC PARTIES' ASSESSMENTS

- 6.1 This section contains a summary of the analysis and impact assessment provided 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 Assessment

- 6.2 National Grid is supportive of Amendment Proposal CA018. National Grid have carried out an impact assessment on change proposal CA018 (Removal of the Restriction on Proposing Alternative Amendments).
- 6.3 The implementation of the proposed amendment will not have any physical impact on National Grid's Transmission System or require changes to IS systems. No additional works or monies will be required to implement the proposed change.

Scottish Hydro-Electric Transmission Limited ("SHETL") Assessment

- 6.4 SHETL is supportive of Amendment Proposal CA018. SHETL have carried out an impact assessment on change proposal CA018 (Removal of the Restriction on Proposing Alternative Amendments).
- 6.5 The implementation of the proposed amendment will not have any physical impact on SHETL's Transmission System or require changes to IS systems. No additional works or monies will be required to implement the proposed change.

SP Transmission ("SPTL") Assessment

- 6.6 SPTL is supportive of Amendment Proposal CA018. SPTL have carried out an impact assessment on change proposal CA018 (Removal of the Restriction on Proposing Alternative Amendments).
- 6.7 The implementation of the proposed amendment will not have any physical impact on SPTL's Transmission System or require changes to IS systems. No additional works or monies will be required to implement the proposed change.

7.0 IMPACT ON THE STC

- 7.1 Minor changes to paragraph 7.2.2.8 of Section B of the STC would be required.
- 7.2 The text required to give effect to the Proposed Amendment is contained as Annex 2 of this document.

8.0 IMPACT ON CORE INDUSTRY DOCUMENTS

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

9.0 STC COMMITTEE VIEWS AND RECOMMENDATION

- 9.1 The STC Committee believes that amendment of the STC on the basis of CA018 would better facilitate achievement of the applicable STC objectives, in particular applicable STC objective (e). Allowing Parties to propose multiple Alternative Amendments would promote good industry practice, in that it would replicate the widely understood CUSC arrangements and better facilitate change co-ordination across the codes, and would promote efficiency in the administration of the STC, in that it would in many cases remove the need for multiple amendments to be proposed and developed. This would also better facilitate achievement of objective (a), in that increasing the efficiency of the STC amendments process in this way would also more generally aid the efficient discharge of the obligations imposed upon Transmission Licensees by Transmission Licences and the Act.
- 9.2 The STC Committee therefore recommends that the Authority should approve Amendment Proposal CA018 for implementation.

10.0 IMPLEMENTATION AND TIMESCALES

- 10.1 Should the Authority approve Amendment Proposal CA018 it is recommended that the STC be modified 5 business days after the Authority's decision.

11.0 INDUSTRY VIEWS AND REPRESENTATIONS

- 11.1 Views are invited from Industry parties upon the Proposed Amendment contained within this Proposed Amendment Report.

12.0 COMMENTS ON DRAFT AMENDMENT REPORT

12.1 The STC Committee received # responses following the publication of the Proposed Amendment Report. The following table provides an overview of each representation. Copies of the representations are attached as Annex 3 of this document.

Reference	Company	Summary of Comments
CA018-AR-01		

Annex 1 - Amendment Proposal Form**STC Amendment Proposal Form****CA018****1. Title of Amendment Proposal**

Removal of the Restriction on Proposing Alternative Amendments

2. Description of the Proposed Amendment *(mandatory field)*

This Amendment Proposal seeks to remove from the STC the restriction that each Party may only propose one Alternative Amendment.

3. Description of Issue or Defect that Proposed Amendment seeks to Address *(mandatory field)*

Paragraph 7.2.2.8 of Section B of the STC currently limits Parties to proposing only one Alternative Amendment. This has proved to be overly restrictive, particularly when developing STC amendments to "back-off" CUSC amendment proposals, which may contain a greater number of Alternatives.

The most pertinent example of this is CUSC amendment proposal CAP097 which includes eight Alternatives to the Original Proposal. In order to concurrently present a consequential STC amendment to the Authority, it was necessary for the proposer to propose two STC amendment proposals (CA016 and CA017), with an Alternative Amendment to each. The requirement to adopt this approach compromised the facilitation of the STC Committee's duty under paragraph 7.2.9 of Section B of the STC to co-ordinate changes across the codes, and had the following specific disadvantages:

- Proposing and developing multiple wholly separate amendment proposals is inefficient
- Proposing and developing multiple amendments proposals is less transparent than a number of Alternatives to a single proposal because the material is not all in one place
- It would technically be possible for multiple proposals to be approved, where as the aim is to "back-off" a single CUSC amendment proposal

Additionally, where the proposer of a proposal also proposes an Alternative Amendment, other Parties are currently unable to propose Alternatives to both the Original Proposal and to the proposer's Alternative Amendment.

CA018 therefore proposes to remove from the STC the restriction that each Party may only propose one Alternative Amendment. This would allow any future relevant CUSC amendment proposals to be "backed-off" in one STC amendment proposal, and would allow other Parties to propose Alternatives to both the Original Proposal and to any of the proposer's Alternatives.

It is considered by the proposer of CA018 that any risk of spurious Alternative Amendments being proposed as a result of the approval and implementation of CA018 is significantly mitigated due to the small number of Parties to the STC.

4. Impact on the STC *(information should be given where possible)*

Changes to paragraph 7.2.2.8 of Section B of the STC would be required.

5. Impact upon the STCPs

None

6. Impact on other frameworks e.g. CUSC, BSC *(information should be given where possible)*

None

<p>7. <u>Impact on Core Industry Documentation</u> (information should be given where possible)</p> <p>None</p>
<p>8. <u>Impact on Computer Systems and Processes used by STC Parties</u> (information should be given where possible)</p> <p>None</p>
<p>9. <u>Details of any Related Modifications to Other Industry Codes</u> (where known)</p> <p>None</p>
<p>10. <u>Justification for Proposed Amendment with Reference to Applicable STC Objectives</u> (mandatory field)</p> <p>CA018 would better facilitate achievement of applicable STC objective (e). Allowing Parties to propose multiple Alternative Amendments would promote good industry practice, in that it would replicate the widely understood CUSC arrangements and better facilitate change co-ordination across the codes, and would promote efficiency in the administration of the STC, in that it would in many cases remove the need for multiple amendments to be proposed and developed.</p>

Details of Proposer Organisation's Name	National Grid Electricity Transmission plc
Capacity in which the Amendment 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	Andrew Truswell National Grid Electricity Transmission plc 01926 656388 andrew.truswell@uk.ngrid.com
Details of Representative's Alternate Name Organisation Telephone Number Email Address	Ben Graff National Grid Electricity Transmission plc 01926 656312 ben.graff@uk.ngrid.com
Attachments (Yes/No): Yes If yes, title and number of pages of each attachment: Proposed Legal Text, 1 Page	

Notes:

- 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.
- 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:

Shafiq Ullah
STC Committee Secretary
Commercial Frameworks
National Grid Electricity Transmission plc
NGT House
Warwick Technology Park
Gallows Hill
Warwick, CV34 6DA

Or via e-mail to: STCTeam@uk.ngrid.com

Annex 2 - Proposed Text to Amend the STC

Amend the following paragraph in Section B of the STC as shown by the change marking:

7.2.2.8 Each Party, or any other person designated by the Authority under sub-paragraph 7.2.2.1(b), may propose one or more alternatives to a Proposed Amendment. Such alternative proposal(s) may be so submitted to the Committee Secretary at any time up until the point at which a Proposed Amendment is referred to the Assessment and Report Phase under sub-paragraphs 7.2.3.3 or 7.2.4.4 and shall be submitted in the same form as a proposal pursuant to sub-paragraph 7.2.2.2 and, upon compliance with which, such proposal shall be referred to as an **"Alternative Amendment"**. An Alternative Amendment may be withdrawn and supported in the same manner as a Proposed Amendment pursuant to sub-paragraphs 7.2.2.6 and 7.2.2.7. The Proposer of an Alternative Amendment shall be deemed to be a Proposer for the purposes of this paragraph 7.2.

Annex 3 - Copies of Comments received on the Proposed Amendment Report

This Annex includes copies of any representations received following circulation of the Proposed Amendment Report (circulated on [date], requesting comments by close of business on [date]).

Representations were received from the following parties:

No.	Company	File Number
1		CA018-AR-01