

STC Modification Panel Minutes: 31 August 2022

STC Modification Panel Minutes: Meeting Number 203

Date: 31 August 2022 **Location:** Microsoft Teams

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

Participants

Attendee	Initials	Company
Sally Musaka	SM	Chair, Code Administrator, National Grid Electricity System Operator (NGESO)
Rashpal Gata-Aura	RGA	Tech Sec, Code Administrator, National Grid Electricity System Operator (NGESO)
Rob Wilson	RWI	National Grid Electricity System Operator (NGESO)
David Halford	DH	National Grid Electricity System Operator (NGESO)
Neil Bennett	NB	Scottish Hydro Electric Transmission plc. (SHET)
Richard Woodward	RWO	National Grid Electricity Transmission (NGET)
Paul Smillie	PS	Scottish Power Transmission plc. (SPT) Observer
Mike Lee	ML	Offshore Transmission Owner (OFTO)
Joel Matthews	JM	Offshore Transmission Owner (OFTO)
Nadir Hafeez	NH	Ofgem
Apologies	Initials	Company
Milorad Dobrijevic	MD	Scottish Power Transmission plc. (SPT)
Michelle MacDonald	MMacD	Scottish Hydro Electric Transmission plc. (SHET)
Terry Baldwin	TB	National Grid Electricity System Operator (NGESO)

1. Introductions and Apologies for Absence

- 5961. Apologies were received from Milorad Dobrijevic, Michelle MacDonald and Terry Baldwin.
- 5962. The STC August 2022 Panel was not quorate as there was no official representation from SPT.
- 5963. Paul Smillie (PS) from SPT attended the August 2022 STC Panel meeting as an observer. The Panel members proposed that PS seeks formal approval from SPT to become an official alternate with voting rights.
- 5964. The Chair re-iterated the importance of confirming attendance or nominating an alternate for the STC Panel meetings to ensure quoracy.

2. Approval of Minutes from Previous Meeting

- 5965. The minutes from the 27 July 2022 Panel meeting had not been included with Papers so they could not be approved at the August 2022 Panel. These have now been re-circulated to Panel members for review and will be approved at the September 2022 Panel.

3. Review of Actions

- 5966. The Panel reviewed the open actions from the meeting held on 27 July 2022 which can be found on the [Actions Log](#) within the Panel Papers.
- 5967. **Action 5936** remains open until September 2022 Panel. Due to holiday season it has been difficult to arrange a meeting between NGESO, NGET, SHET, SPT. For further details on this action, please see [Actions Log](#) within the Panel Papers.
- 5968. RWI advised the Panel that **Action 5942** should remain open until September 2022 Panel, to enable further discussions between NGESO and OFTOs to clarify whether a workgroup is required to progress **CM085 “To clarify OFTO reactive power requirements at <20% output.** An amended **CM085** proposal will be brought to the September 2022 Panel.

4. Authority Decisions

- 5969. NH advised the Panel that there were no decisions on STC Modifications since the last STC Panel on 31 August 2022 and re-affirmed that the decision date on **CMP328/CM078** still remains as 30 November 2022.

5. STC/STCP Modification Proposals for Panel Decision

- 5970. The Chair advised the Panel that one new modification had been received for August 2022 Panel and invited the Proposer to present.
- 5971. DH presented **PM0120 – “Connections Triggering Distribution Impact Assessment” - STCP changes as a result of CUSC modification CMP328** advising the Panel that this modification was presented in draft at the June 2022 Panel.
- 5972. DH stated that **CMP328** proposal had been raised by SSE Networks. **CMP328** proposes to put in place a process that can trigger a Distribution Impact Assessment (DIA), for Transmission connections.

5973. This process would allow DNOs to fully impact assess connection applications to the Transmission Network that meet the required criteria, with the ESO triggering the DIA on behalf of the Transmission User and co-ordinating the payment from the applicant to the DNO.
5974. The DIA could be triggered either at the same time as the application to the Transmission network (On Application), or after the Transmission Owner Construction Offer (TOCO) has been approved (On Approval).
5975. The outcome of a DIA could result in a revised TO Construction Agreement having to be submitted by the TO
5976. The **ESO** believes that that current Third-Party Works (TPW) process, could be utilised for this purpose, however, the proposer believes that the TPW process is not fit for this purpose.
5977. DH advised the Panel that **CMP328** was with the Authority for a decision with two alternatives submitted as part of the modification:-
- **Original** - The DIA is triggered for connections to the Transmission Network greater than 1MVA, although final decision in terms of whether a DIA is required would sit with the DNO.
 - **WACM1** - Enhancement of the current Third-Party Works (TPW) process.
 - **WACM2** – As per the original proposal, but user eligibility criteria rather than the blanket 1MVA threshold, and DNO sending a DIA Conclusions Report rather than an Offer to the ESO.
5978. DH stated that minor changes required for (**CM078**) were to **STC Schedules 5 & 6** which had been identified to cover the Original Proposal and WACM2 for **CMP328**.
5979. The CM078 Draft Final Modification Report with these changes, was presented at the May 2022 STC Panel and approved, with the Final Modification Report presented to the Authority on the 6th June 2022.
5980. Changes required to STCP's (**PM0120**) identified were **STCP's 18-1 & 18-6** to cover the Original Proposal and both alternatives for **CMP328**.
- **Original Proposal and WACM2** - Changes will be required to **STCP18-1 and 18-6** to ensure the expectations between NGESO and the TOs in relation to the DIA process are clearly defined.
 - If a DIA is to be completed by the relevant DNO(s), the timescales related to when the TOs need to supply the additional information to NGESO to facilitate the production of the DIA.
 - The additional information required from the TOs to facilitate the production of the DIA.
 - The timescales for NGESO passing the completed DIA to the TOs in order for the assessment of the DIA to be completed.
 - The timescales for the TOs to assess the DIA and confirm back to NGESO in relation to any actions required to the original TO Construction Agreement as a result of the assessment.

- The process for resolving conflicts between NGESO and TOs as a result of differing solutions between the TO Construction Agreement and DIA, and the process for referring these conflicts to the Authority should a resolution not be reached.
- An additional Flow Diagram in **Appendix A** of **STCP 18-6** to capture the DIA process.
- **WACM1** – changes will be required to **STCP18-6** to define the process when the Transmission Applicant receives notification that Third Party Works are required.
- The Transmission Applicant confirming to NGESO that Third Party Works are required.
- NGESO passing the Third Party Works to the TO for assessment.
- The timescales for the TOs to assess the Third Party Works and confirm back to NGESO in relation to any actions required to the TO Construction Agreement as a result of the assessment.
- An additional Flow Diagram in Appendix A of STCP 18-6 to capture the Third Party Works process

5981. DH advised the Panel the next steps were:-

(i) that the changes identified to **STCPs 18-1 & 18-6** to support **PM0120** had been developed with the TOs.

(ii) the proposal and Legal Text were now being shared for review and approval by the STC Panel.

(iii) the Legal Text changes cover the Original Proposal and the two official alternatives from the CUSC modification.

5982. DH advised that the Legal Text covering both the Original Proposal and Alternatives would need to be approved subject to the CUSC and STC change being approved by Ofgem, which is expected at the end of November 2022.

5983. The ask of the Panel was to **Agree** and **Approve** “in Principle” the STCP changes noting that the implementation of this modification should be in line with **CMP328/CM078** as all **3** modifications would need to be implemented together dependent on the solution.

5984. The Panel agreed to approve this STCP change ‘in principle’ with final approval to be made once the Authority reaches a positive decision on **CMP328** and **CM078**.

6. Draft STC/STCP Modifications

5985. The Chair advised the Panel that one draft modification had been submitted to August 2022 Panel and invited the Proposer to present.

5986. DH presented **PM0127 – “Changes to STCPs required to facilitate CUSC modifications CMP286/287 – “Improving TNUoS Predictability through increased notice of the Target Revenue and Inputs used in the TNUoS Tariff Setting Process”**

5987. DH advised the Panel that the **CMP286/287** modifications were raised by Npower (now E.ON Energy) to improve the predictability of TNUoS demand charges by:
- **CMP286** - Fixing TNUoS Target Revenue 15 months in advance of final TNUoS Tariffs being published (current process is 3 months in advance).
 - **CMP287** - Fixing selected parameters which feed into the TNUoS Tariff setting process 15 months in advance of final TNUoS Tariffs being published (current process is 3 months in advance).
5988. DH stated that it was noted by the proposer that by fixing these elements in advance, it would enable suppliers to cost fixed tariffs more accurately over one year in length and reduce the risk premia that is current applied giving a better deal to consumers. It would however, increase the cashflow risk associated with inaccurate forecasts which was also the subject of STC modification [**PM0119: TNUoS Revenue Collection Risk Transfer**](#).
5989. An alternative proposal had been submitted by NGESO to remove the “ESO pass through costs” from being fixed 15 months in advance and kept at 3 months in advance as per the current process
5990. DH advised the Panel that both CUSC modifications were currently in the Workgroup phase and it was predicted that they would be submitted to Ofgem for a decision on the 7 December 2022. It was recommended that the STCP changes were developed and then approved in principle by this date such that a complete solution awaits Ofgem’s decision and to make implementation as efficient as possible.
5991. DH advised the Panel that as consequential changes the STC requirements were to facilitate these CUSC Modifications. Changes would be required to **STCPs 13-1, 14-1** and **24-1** to ensure that the amended process and timeline was reflected in:
- TO General System Charge forecasts requested by the ESO from the TOs reflect the relevant Financial Years.
 - The deadline for the date that revisions to the TO General System Charges can be made.
 - The change in the date that onshore TOs will update and provide the final revenue.
 - Any additional reporting required from the ESO to the TOs to enable the TOs to assess any variance to the forecasts once they have been fixed.
5992. DH advised the Panel that separate changes would not be required for the proposed alternative CUSC solution with the changes identified above applicable to both proposals.
5993. DH stated that the ask of the Panel was to make the STC Panel members aware of the STCP work;
- **Note** the changes that will be required to the **STCP** in respect of **13-1, 14-1** and **24-1**.
 - **Note** the next steps- this modification will be formally raised at the September 2022 Panel.

7. Inflight Modification Progress

5994. The Chair summarised the **CM080 Draft Final Modification Report** providing a summary of Code Administrator Consultation Responses as below:-
- The **1st** Code Administrator Consultation ran between 28 April 2022 and 20 May 2022. Legal text issues were identified as part of this First Code Administrator Consultation. The STC Panel discussed the proposed legal text changes at their meeting on 27 July 2022 and agreed that the changes to legal text within Section D Part Four Clause 4.3 were not typographical. Panel agreed that these changes need to be consulted on and Panel agreed to run a 5 working day Code Administrator Consultation.
 - The **2ND** Code Administrator Consultation was run from 08 August 2022 to 15 August 2022 and received **2** responses. Key points were:
 - ESO agreed that the amended legal text still satisfies the NGESO's requirement to have the ability to request technical information from the TOs to facilitate the creation of the significant impact criteria.
 - SSEN agreed the proposed amended text better facilitates the objectives but also notes the legal text for the STCP amendments is still in progress and it should be agreed to and finalised before overall approval of **CM080**.
 - The ask of the Panel was to vote whether or not to (recommend implementation/implement)
 - Does the **CM080** Original proposal better facilitate the objectives than the current STC arrangements?
5995. Some Panel members raised concerns around the STCP developments as such were not in support of a recommendation vote taking place at the August 2022 Panel. Eventually, it was agreed that the STCP Modification (**PM0126**) is presented at the September 2022 Panel alongside the Draft Final Modification Report for **CM080** for the Recommendation Vote.
5996. NH sought clarity around the STCP modifications and the reason why, other electricity codes do not seem to place much emphasis on the procedures.
5997. RW stated that the situation was as a consequence of a drafting choice which has evolved over a few years. In general terms, the STC itself sets out obligations in broad terms – i.e. **what** STC parties need to do. The STCPs are used to provide much more specific information – i.e. **how** obligations are undertaken. Therefore, there are instances where STCP modifications are more directly impacted by a cross-code change than the main body STC. CM078 and CM080 and their associated STCP changes are good examples of this.
5998. RW advised the Panel that **CM084** modification proposal addresses some of the issues observed regarding the development of STCP changes, particular those related to cross-code modifications.
5999. RWI advised the Panel that whilst the STC was the “shell” document, the STCPs did all the heavy lifting hence the emphasis on STCPs to be developed. The licensees were allowed to introduce/amend the requirements only in terms of things that have

become subsidiary to already established licence requirements – things already set out in the Code. The STCPs are the detail whilst the STC is the “broad brush”.

- 6000. RWI stated that **CM080** was not suggesting that further changes were needed, the Panel was collectively saying that this modification could not be approved until there was sight of the whole package with the STCPs visible as well.
- 6001. RWI advised that the Panel were not identifying issues on **CM080**, only that the Panel wish to see the whole package.
- 6002. **ACTION** TB/RWI to have further discussions with support from all the TOs on suitable drafting and detail of the STCPS re **CM080**, to enable Panel members to vote when it is next presented.
- 6003. The Chair postponed the recommendation vote to September 2022 Panel. This was because Panel was not quorate and some concerns were raised around the STCP changes. It was agreed that at the September 2022 Panel, the STCP modification will be presented before the recommendation vote is carried out.
- 6004. The Chair continued to present the Draft Final Modification Report on **CM083 – “To update quoracy rules for modifications where there is limited STC Party impact”**.
- 6005. Code Administrator Consultation was run from 06 July 2022 to 03 August 2022 and received 1 response. Key point was;
 - SHET supported the implementation approach and no legal text issues were identified.
 - The ask of the Panel was to vote whether or not to recommend implementation.
 - Does the **CM083** Original proposal better facilitate the objectives than the current STC arrangements?
- 6006. The Panel members voted unanimously that **CM083** original proposal better facilitates the objectives than the current STC arrangements.
- 6007. The Chair confirmed that **CM083** would follow the timeline, set out with the DFMR to be circulated to Panel members on 2 September 2022 for 5 working days to allow Panel members check that the votes have been correctly recorded.

8. Code Administrator Update

- 6008. No Update.

9. Potential Future Modifications

Modification Tracker and Horizon Scan

- 6009. The Panel reviewed the STC Modification Tracker. The amendments to this tracker can be found within the [Panel papers](#).
- 6010. The Chair brought the Cross Code Modification tracker to the attention of the Panel pointing out the Cross Code impact on STC. No questions were raised.

Authority Update

- 6011. NH updated the Panel that there was no update on the SCR/Access SCRs until September 2022.

6012. NH advised the Panel that Ofgem were publishing on the ongoing Code Governance review at the end of September/beginning of October seeking views in relation to Code Consolidation/Code Manager Licence Conditions/Stakeholder Advisory Forum to provide some further information.
6013. NH informed the Panel that Ofgem met with the Panel Chairs in August and would be meeting with the Code Administrators and Central System Delivery Bodies in early September. The main message would be that the next steps would be to look out for a Corporate input on the Code Review/Code Manager Licence Conditions and Stakeholder Advisory Forum.

10. Reports from Sub- Committees

Joint Planning Committee – JPC

6014. No update.

Network Access Policy Workgroup – NAP

6015. The next NAP meeting was scheduled for mid – September 2022.

11. Any other Business

6016. The Chair advised the Panel, a Panel member is proposing Face to Face STC Panel meeting/s, whilst being aware the STC Panel has generally been virtual.
6017. The Chair sought the views of the Panel members.
6018. The Panel members were all in agreement that whilst the STC Panel meetings have mostly been held virtually historically, with some new Panel members now, it would be beneficial to have one Face to Face meeting per every 12 months. In view of the length of the STC Panel meetings being **2 hours**, consideration to be given to align the STC Panel with the Grid Code and the CUSC Panel meetings where possible.
6019. The Panel further discussed that to make the Face to Face meetings effective, they should be scheduled when there was a substantial agenda.

Date of next meeting

6020. The next STC Panel meeting will be held on **Wednesday 28 September 2022**
6021. New Modification Proposal date **Tuesday 13 September 2022**
6022. Panel papers day **Tuesday 20 September 2022**