

STCP13-1 Issue 0011 Invoicing & Payment

STC Procedure Document Authorisation

Company	Name of Party Representative	Signature	Date
National Grid Electricity System Operator Ltd <u>The Company</u>			
National Grid Electricity Transmission plc			
SP Transmission Ltd			
Scottish Hydro-Electric Transmission			
Offshore Transmission Owner			

STC Procedure Change Control History

Issue 001	11/01/2005	First Issue
Issue 002	04/03/2005	BETTA Go-Live version
Issue 003	25/10/2005	Incorporating PA034 & PA037
Issue 004	31/01/2006	Incorporating PA045
Issue 005	18/11/2008	Incorporating PA052
Issue 006	19/10/2009	Incorporating PA055 and changes for Offshore regime
Issue 007	20/11/2013	Incorporating PM069
Issue 008	01/04/2019	Incorporating changes for National Grid Legal Separation
Issue 009	01/09/2020	Amendments to STCP13- 1 'Invoicing and Payment' Clause 3.2 - Changes to TO Site Specific Charges
Issue 0010	29/10/2020	Annual Charge Setting - data submission flexibility
<u>Issue 011</u>	<u>X/X/2023</u>	<u>Issue 011 incorporating use of 'The Company' definition as made in the STC</u>

1 Introduction

1.1 Scope

1.1.1 This document defines the process associated with invoicing & payment activities between the TOs and ~~NGESO~~The Company, as defined in the STC and meaning the licence holder with system operator responsibilities.

1.1.2 For the purposes of this document, the TOs are:

- NGET;
- SPT; and
- SHET and
- Offshore Transmission Owners (OFTOs)

1.1.3 For the purposes of this document, the Onshore Transmission Owners (Onshore TOs) are:

- NGET
- SPT
- SHET

1.2 Objectives

1.2.1 The objective of this procedure is to detail:

- how the invoicing and payment process is addressed across ~~the NGESO~~The Company – TO interface;
- how changes to charges (if applicable) are communicated and incorporated into invoices from the TO to ~~NGESO~~The Company;
- the requirements for exchange of information related to invoicing & payment activities; and
- the lines of communication to be used.

1.3 Background

1.3.1 ~~NGESO~~The Company shall be responsible for the calculation, development and invoicing of Connection and TNUoS charges. The TO shall be remunerated by ~~NGESO~~The Company for the provision of connection and infrastructure assets and associated services.

1.3.2 The TO's revenue from ~~NGESO~~The Company will be in three parts:

- TO General System Charges as defined in Schedule Ten of the STC;
- TO Site-Specific Charges as defined in Schedule Ten of the STC; and
- Other Charges (ad-hoc activities) as defined in Schedule Ten of the STC.

1.3.3 ~~NGESO~~The Company shall be remunerated by a TO for the following

- ~~NGESO~~The Company Charges in relation to Interruption Payments as defined in Schedule Ten of the STC; and
- Other Charges (ad-hoc activities) as defined in Schedule Ten of the STC.

1.3.4 The majority of this revenue will be invoiced on a monthly basis (see sections 3.1 and 3.3³), with the remainder on an ad-hoc basis (see section 3.6⁶).

2 Key Definitions

2.1 For the purposes of STCP 13-1 Invoicing & Payment:

2.1.1 ~~NGESO~~The Company **Revenue Contact** means the named contact within ~~NGESO~~The Company for revenue issues as advised to the TOs from time to time.

2.1.2 **Other Charges** means those charges specified in Part Three of Schedule Ten of the STC.

2.1.3 **TO General System Charges** means those charges specified in Part One of Schedule Ten of the STC.

2.1.4 **TO Revenue Contact** means the named contact within the TO for revenue issues as advised to ~~NGESO~~The Company and the other TO from time to time.

2.1.5 **TO Site Specific Charges** means those charges specified in Part Two of Schedule Ten of the STC.

2.1.6 ~~NGESO~~The Company **Charges** means those charges specified in Schedule Ten of the STC.

- 2.1.7 Financial Year Y** means the current Financial Year beginning on 1st April and ending 31st March.
- 2.1.8 Net Transmission Network Revenue** means revenue received by ~~NGESO~~The Company via Transmission Network Use of System Charges in accordance with Section 14 of the CUSC.
- 2.1.9 TNUoS Charges**, net of payments to ~~NGESO~~The Company, the Authority, offshore transmission owner allowed revenue, electricity interconnector licensees, innovation funding winners, DNOs (Distribution Use of System charges for embedded OFTOs). means Transmission Network Use of System Charges in accordance with the CUSC.

3 Procedure

3.1 *TO General System Charges and TO Site Specific Charges*

- 3.1.1** The TO shall receive payment from ~~NGESO~~The Company each month in the Financial Year for TO General System Charges. By the 5th Business Day of August each Financial Year ~~the NGESO~~The Company Revenue Contact shall email the TO Revenue Contact requesting a forecast of their TO General System Charges for Financial Year Y+1 and for the five Financial Years from Financial Year Y+2 onwards. The TO Revenue Contact shall email ~~the NGESO~~The Company Revenue Contact on or before 5th Business Day of October each Financial Year their forecast of the TO General System Charges for Financial Year Y+1 and for the five years from Financial Year Y+2 onwards. Revisions to the TO General System Charge can be made up to 7th January for Onshore TOs and 25th January for OFTOs each year for Financial Year Y+1 and for the five years from Financial Year Y+2 onwards. Should either day not be a Business Day then the deadline shall be the next Business Day.
- 3.1.2** The TO shall receive payment from ~~NGESO~~The Company each month for TO Site-Specific Charges. On or before the 31st October each year the TO Revenue Contact shall email ~~the NGESO~~The Company Revenue Contact a schedule of the known monthly TO Site-Specific Charges per site per customer, for each month of the following Financial Year. TO Site-Specific Charges shall be broken down into components as defined in the TO licences. This schedule can be revised in accordance with clause 3.3.1 and 3.3.2.
- 3.1.3** When an OFTO licence is granted during the year, ~~the NGESO~~The Company Revenue Contact shall email the OFTO revenue contact requesting a forecast of their TO General System Charges and TO Site Specific Charges for the current Financial Year and an estimate of the asset transfer date. The OFTO revenue contact shall email ~~the NGESO~~The Company Revenue Contact their forecast of their TO General System Charges and TO Site Specific Charges for the current Financial Year and an estimate of the asset transfer date. Revisions can be made to the TO General System Charges, TO Site Specific Charges and estimated date of asset transfer up to the date of asset transfer. On the working day following asset transfer a final revision is to be sent to ~~the NGESO~~The Company Revenue Contact.
- 3.1.4** For OFTOs, the amounts forecast in 3.1.1, 3.1.2 and 3.1.3 shall be accompanied by an invoicing schedule to detail the annual and monthly amounts for TO General System Charges and TO Site Specific Charges, and where appropriate, a breakdown of the latter charge into its components as defined in the TO Licences.

- 3.1.5 Each OFTO shall on the 1st Business Day of each month invoice NGESOThe Company equal amounts over the remaining months of the year, matching the amounts provided under clause 3.1.2 or 3.1.3 and totalling the annual General System Charges and TO Site Specific Charges forecast in 3.1.1, 3.1.2 and 3.1.3 less any one-off General System Charges that have been invoiced during the year. NGESOThe Company shall pay the recurrent monthly OFTO invoice on the 15th of the month, unless such payment day is not a Business Day in which case payment shall be made on the next Business Day.
- 3.1.6 NGESOThe Company will pay the Onshore TOs the Net Transmission Network Revenue which has been invoiced by NGESOThe Company to Users (as defined in the CUSC) as Transmission Network Use of System Charges under the CUSC. For the avoidance of doubt payment is due by NGESOThe Company to the Onshore TOs where the Transmission Network Use of System Charges have been invoiced even if not paid by Users (as defined in the CUSC) to NGESOThe Company.
- 3.1.7 The monthly Onshore TO General System Charges payable to each Onshore TO will be calculated as follows: Financial Year Y year to date invoiced Net Transmission Network Revenue, less TO General System Charge payments already made by NGESOThe Company to the relevant Onshore TO within the Financial Year Y. Any update of costs post the March invoice will be included through the Reconciliation processes defined in 3.2.
- 3.1.8 In the calculation of the monthly payment to Onshore TOs, payments to the Authority, interconnector licensees, innovation funding winners and NGESOThe Company will be allocated on a flat monthly phased basis across the Financial Year. Payments to OFTOs and DNOs (Distribution Use of System charges for embedded OFTOs) will be in accordance with existing payment schedule arrangements.
- 3.1.9 In respect of the Onshore TOs, for payments due from NGESOThe Company for TO Charges forecast in 3.1.1 and 3.1.2, the following process shall apply:
- 3.1.9.1 On the 1st Business Day of each month, NGESOThe Company shall confirm to the TO Revenue Contact the amount payable to the Onshore TO for the current month.
- 3.1.9.2 On the 4th Business Day of each month, the Onshore TO shall invoice NGESOThe Company the monthly amount communicated to it under 3.1.9.1.
- 3.1.9.3 On the 15th of each month (unless such day is not a Business Day, in which case payment shall be provided on the next Business Day) NGESOThe Company shall pay the Onshore TO the amount shown on the invoice issued to it by the Onshore TO in accordance with 3.1.9.2.

3.2 Reconciliation Process

- 3.2.1 NGESOThe Company and the Onshore TOs shall carry out and complete an annual reconciliation process in respect of charges made to Generators and Suppliers in accordance with the CUSC.
- 3.2.2 **Generation reconciliation process:** In accordance with the CUSC, NGESOThe Company reconcile TNUoS Charges to Generators via the Generation reconciliation process. This will be reflected in the revenue payable to or by the Onshore TOs. On the 1st Business Day of May of each Financial Year, NGESOThe Company will confirm the amount payable to or receivable from each Onshore TO to reconcile the Financial Year Y-1. On the 4th Business Day of May of each Financial Year Y, the Onshore TOs shall issue an invoice or credit note to NGESOThe Company accordingly in relation to Financial Year Y-1. NGESOThe Company or the Onshore TO as applicable shall issue payment by 30th May of Financial Year Y, or next available Business Day should the 30th not fall on a Business Day.
- 3.2.3 **Initial Demand reconciliation process:** In accordance with the CUSC, NGESOThe Company reconcile TNUoS charges to Suppliers via the Initial Demand reconciliation process. This will be reflected in the revenue payable to or by the Onshore TOs. On the 1st Business Day of July of each Financial Year, NGESOThe Company shall confirm the amount payable to or receivable from each Onshore TO to reconcile the Financial Year Y-1. On the 4th Business Day of July of each Financial Year Y, the Onshore TOs shall issue an invoice or credit note to NGESOThe Company accordingly in relation to Financial Year Y-1. NGESOThe Company or the Onshore TO as applicable shall issue payment by 30th July of Financial Year Y, or the next available Business Day should the 30th fall on a weekend.
- 3.2.4 **Final Demand reconciliation process:** In accordance with the CUSC, NGESOThe Company reconcile TNUoS charges to Suppliers via the Final Demand reconciliation process. This will be reflected in the revenue payable to or by the Onshore TOs. By 31st October of each Financial Year, NGESOThe Company shall confirm the amount payable to or receivable from each Onshore TO to reconcile the Financial Year Y-2. On the 4th Business Day of November of Financial Year Y, the Onshore TOs shall issue an invoice or credit note to NGESOThe Company accordingly in relation to Financial Year Y-2. NGESOThe Company or the Onshore TO as applicable shall issue payment by 30th November of Financial Year Y, or next available Business Day should the 30th fall on a weekend.
- 3.2.5 Invoices issued by TOs will be despatched by email or an agreed alternative electronic method to ~~the~~ NGESOThe Company Revenue Contact. The TO's bank account details shall be included with each monthly invoice.
- 3.2.6 All payments will be by BACS unless the value is above the relevant bank's BACS payment threshold, in which case NGESOThe Company will make a same day CHAPS payment instead.
- 3.2.7 In the Financial Year preceding the next regulatory price control period, NGESOThe Company and the relevant Transmission Owners may notify one another and agree (on a unanimous basis only), any reasonable temporary adjustments to the provisions in 3.1 to allow them to be fulfilled. E.g. data substitutions, submission date changes.

3.3 Changes to TO Site Specific Charges

- 3.3.1 Following completion of works detailed in contracts between the TO and ~~NGESO~~The Company, it may be necessary to amend TO Site Specific Charges in line with the charges calculated from the Bilateral Agreements for any affected Connection Site. For those contracted changes, the charge change will be implemented to ~~NGESO~~The Company in the first available monthly periodic invoice following completion of works, to incorporate charges from the appropriate date.
- 3.3.2 The TO Revenue Contact shall give no less than 1 month prior written notice to ~~the~~ ~~NGESO~~The Company Revenue Contact of any changes to the TO Site Specific Charges except where changes are in accordance with clause 3.3.1.
- 3.3.3 Ahead of any invoice being received by ~~NGESO~~The Company, the TO shall provide ~~NGESO~~The Company with a revised invoicing schedule confirming the changes being made to the TO Site Specific Charges.
- 3.3.4 The TO shall invoice ~~NGESO~~The Company each month the amounts contained in the schedule, and ~~NGESO~~The Company shall pay on the later of
- the 15th day following the day that the TO's invoice was despatched; and
 - the 16th day of the month to which the invoiced payments relate,
- unless, in such case, such payment day is not a Business Day in which case payment shall be made on the next Business Day.
- 3.3.5 Invoices will be despatched by email or an agreed alternative electronic method, to ~~the~~ ~~NGESO~~The Company Revenue Contact. The TO's bank account details shall be included with each monthly invoice.

3.4 Changes to TO General System Charges

- 3.4.1 Only under exceptional circumstances, can General System Charges be changed after final notification on 25th January or post asset transfer for the first year of existence of an OFTO. Exceptional circumstances means an event or circumstance that is beyond the reasonable control of the licensee and for which it should not reasonably bear the financial risk.

3.5 ~~NGESO~~The Company charges

- 3.5.1 If an Affected User has exercised its rights pursuant to Section 5 (Events of Default, Deenergisation, and Disconnection), subsection 5.10 (Relevant Interruptions) of the CUSC, ~~NGESO~~The Company shall notify the relevant TO as soon as possible.
- 3.5.2 The process for Event Reporting and Joint Investigation detailed in Section C, Part Three of the STC shall be started by either party (if not already underway as a notification of a Significant Incident) in order to reach an agreement that a Relevant Interruption has occurred.
- 3.5.3 Following agreement by all parties (the User, ~~NGESO~~The Company and the TO), ~~NGESO~~The Company will invoice the TO the relevant amount due to the Affected User. In the event of a dispute, "agreement" shall mean the determination following dispute proceedings as outlined in the STC.
- 3.5.4 The Interruption Payment shall be paid by the TO to ~~NGESO~~The Company within thirty days of receipt of the invoice

3.6 *Payment for Ad-Hoc activities*

- 3.6.1 Where a payment is required between ~~NGESO~~The Company and the TO that is not included in the monthly billing process, this shall be invoiced on an ad-hoc basis. The invoice shall reference a purchase order number where appropriate.
- 3.6.2 Where the payment is required by the TO this will be in accordance with Other Charges in Schedule 10 of the STC.
- 3.6.3 All invoices for payments for Other Charges in Schedule 10 of the STC shall be despatched not less than 30 days prior to the due date for payment. Payment shall be made by the recipient of the invoice within 30 days of the date of the despatch, or within 30 days of the invoice date, whichever is the later.
- 3.6.4 Paper invoices will be despatched by post, and supported by fax and or email, where feasible, to ~~the NGESO~~The Company or TO Revenue Contact, as appropriate. The bank account details of the Party receiving payment shall be included with each monthly invoice.
- 3.6.5 All payments will be by BACS unless the value is above the relevant bank's BACS payment threshold, in which case ~~NGESO~~The Company or the TO as appropriate will make a same day CHAPS payment instead.

3.7 *Ancillary Payment Issues*

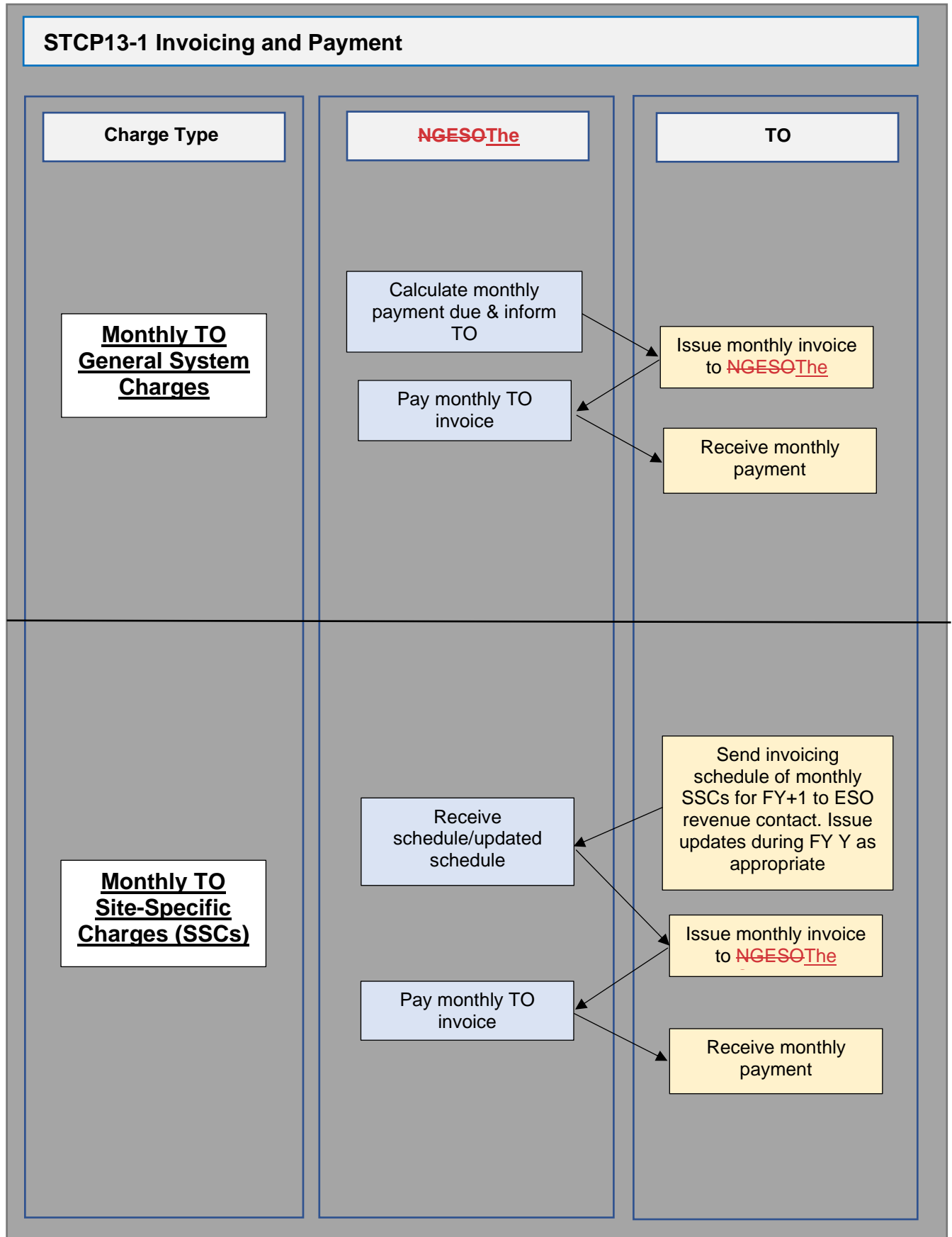
- 3.7.1 All other payment related issues (e.g. addressing late payment by any party) shall be addressed in line with the STC.

3.8 *Provision of Bank Details for Invoicing Purposes*

- 3.8.1 Within 5 working days of section 8(A)3 notice being given to the OFTO, the prospective OFTO writes on company letter headed note paper to ~~the NGESO~~The Company revenue contact detailing bank details, trading name, trading address, invoicing address and invoicing contact. The letter to be signed by a company authorised signatory.

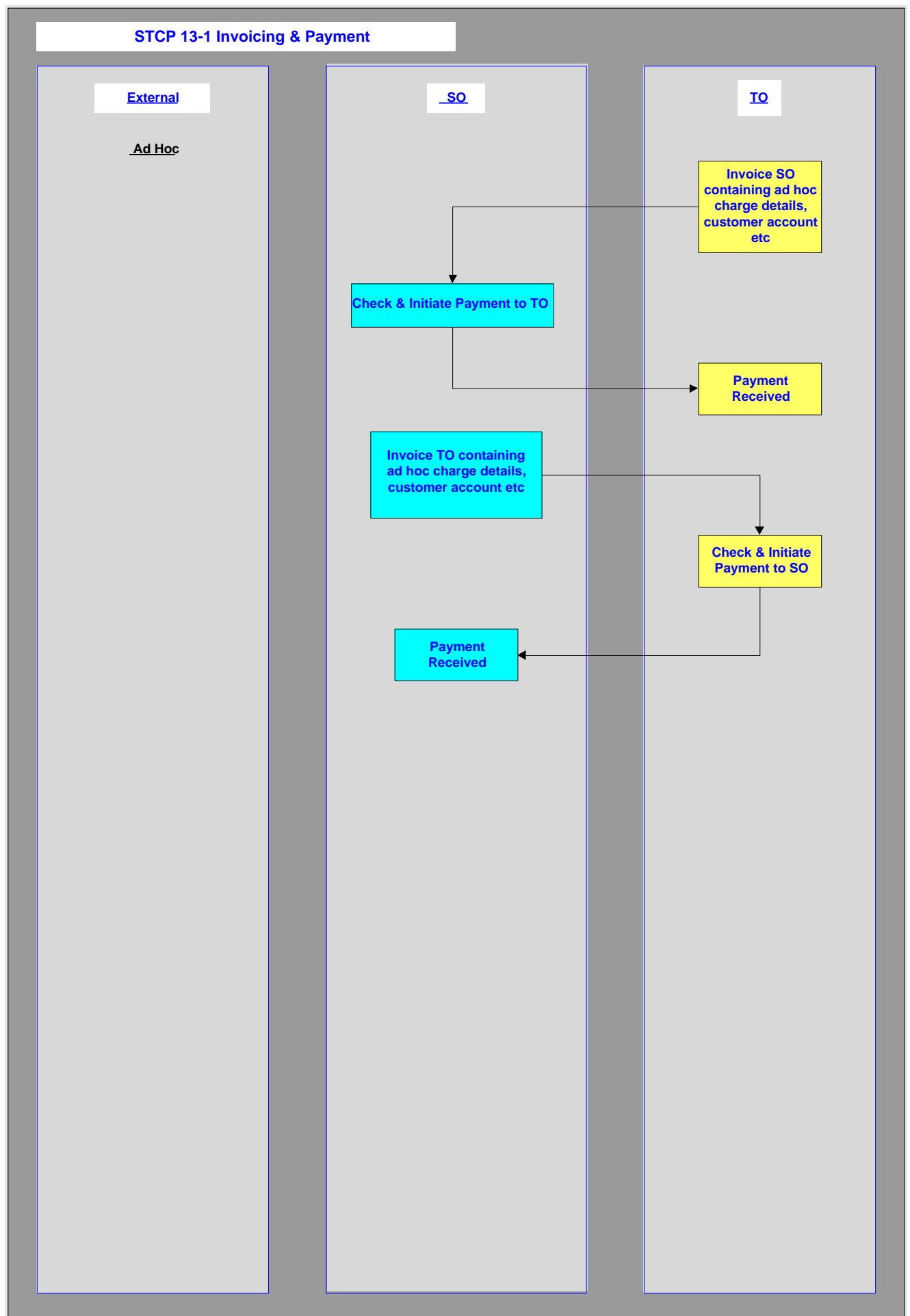
Appendix A: Flow Diagram

Note that the Process Diagrams shown in this Appendix A are for information only. In the event of any contradiction between the process represented in this Appendix and the process described elsewhere in this STCP, then the text elsewhere in this STCP shall prevail.



STCP 13-1 Invoicing & Payment

Issue 0011 01/07/2021



Appendix B: Abbreviations & Definitions

Abbreviations

BACS Banker's Automated Clearance System
CHAPS Clearing House Automated Payment System
OFTO Offshore Transmission Owner
SHET Scottish Hydro-Electric Transmission Limited
SO System Operator
SPT SP Transmission Limited
STC SO-TO Code
TNUoS Transmission Network Use of System
TO Transmission Owner or Offshore Transmission Owner

Definitions

STC definitions used:

Asset Transfer (OFTO Amended Standard Condition E12 - A1)
Business Day
Connection
~~NGESO~~ The Company
NGET
Onshore Transmission Owner
Other Charges (Schedule Ten)
TO General System Charges (Schedule Ten)
TO Site-Specific Charges (Schedule Ten)