



STC Panel

Wednesday 13 December 2023

Online Meeting via Teams

WELCOME



Approval of Panel Minutes

Approval of Panel Minutes from the Meeting held
29 November 2023



Action Log



Authority Decisions and Update



Decisions Pending

| Modification | Final Modification Report Received | Expected Decision Date |
|---|------------------------------------|------------------------|
| CM080 – Transmission Impact Assessment Process | 11 October 2022 | 14 December 2023 |
| CM89/91 - Implementation of the Electricity System Restoration Standard & Implementation of Emergency and Restoration Code Phase II | 13 September 2023 | 30 January 2024 |

The Authority's publication on decisions can be found on their website below:

<https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>



Draft STC/ STCP Modifications

- PM0136 *Introducing Connections process to facilitate Competitively Appointed Transmission Owners*
- PM0137 *Queue Management Co-ordination Procedure*

Draft modification submitted

STCPs

- PM0136 *Introducing Connections process to facilitate Competitively Appointed Transmission Owners*



**PM0136 – Introducing Connections
Process to facilitate Competitively
Appointed Transmission Owners**

Alana Collis and Steve Baker - 13th December 2023

Background to STCP Changes to facilitate CATO

- The **Energy Act** received Royal Assent on October 26 2023, making provisions to enable competitive tenders in onshore electricity networks
- These modifications aim to introduce the concept of **Competitively Appointed Transmission Owners (CATO's)** for the purposes of introducing Onshore Network Competition for the design, build and ownership of Onshore Transmission assets
- Once implemented FSO is to run tenders to appoint a preferred bidder for designated projects to add to the NETS
- CATOs will be appointed following the tender process and will be financed through a long Tender Revenue Stream
- To allow **Onshore Network Competition** to be implemented effectively, the competition processes, obligations, technical requirements, charges, and remuneration principles need to be embedded within the relevant codes
- The proposed modifications will enable early competition and are based upon the assumption that CATOs will be granted a Transmission Licence and will be categorised as Onshore Transmission Licensees
- The legal text changes have been discussed alongside STC mods CM086 and CM087 and are to be made in association with changes to other Codes and Standards, including SQSS, CUSC, Grid Code and BSC
- The proposed code changes form part of the package of work to establish the frameworks for competition in onshore electricity networks. This has a key role to play in improving efficiency in network investment and driving innovative solutions to network needs, helping us meet our decarbonisation targets at the lowest cost to consumers

Overview of Draft PM0136 Modification

- The objective of this mod is to make consequential changes and additions to Procedures resulting from CM087 which introduces a PTO-CATO Connections Process.
- PM0136 represents a material change as it seeks to introduce new Procedures to facilitate the PTO-CATO Connections Process
- Changes are made on the assumption that a CATO will be granted a Transmission Licence and categorised as an Onshore Transmission Owner
- STCP Legal Text changes have been discussed at length as part of the CM087 Workgroups as they were required to provide context.
- It is intended to submit all CATO modifications to Ofgem as a bundle at the end of Q1 2024.
- Legal text is in the late stages of being worked on and the intention is to bring to January 2024 Panel.

PM0136 Legal Text Solution

- Clerical changes and additions to the suite of STCPs to refer to the PTO-CATO Connection process are being made as part of the work to introduce the concept of CATO

| STC | Sub Section | Title | Detail |
|---|--|--|--|
| | "CATO-TO Connection Sub-Group" inserted as form of Investment Planning Sub-Group | 2.1.1.12 4.1.1.2 4.1.3 | |
| STCP 16-1- Investment Planning | | | Limited insertions throughout |
| STCP 18-5 CATO-TO Connection Process (new STCP) | Main Process | | Process that underpins CATO-To Connections |
| STCP 18-5 | App A | CATO Connection Schedule | Agreement between Lead Parties |
| STCP 18-5 | App A1 | CATO Transmission Interface Site Specifications | OFTO TISS adapted for Tx-Tx purposes |
| STCP 18-5 | App A2 | Deliverables Timetable | Deliverables timetable template to be populated and agreed |
| STCP 18-5 | App3 | CATO-TO Construction Programme | Key dates for CATO asset delivery- to be populated by CATO |
| STCP 18-5 | App A4 | Matters for Completion Report | List of items to be completed prior to energisation |
| STCP 18-5 | AppB | CATO-TO Connection Project Process | Flow diagram of process |
| STCP 18-5 | AppC | Early Competition Assett Delivery- Indicative Timescales | Timescales for typical asset delivery- for context |
| STCP 19-7 CATO-TO Operational Notification & Compliance (new STCP adapted from STCP 19-3) | Main Process | Introduction Objectives Procedure | |
| STCP 19-7 | App A1 | CATO-TO Compliance Process | Compliance process for HVAC adapted from Grid Code Connection Conditions |
| STCP 19-7 | App A2 | Agreement for Energisation Letter | 19-3 version adapted, with minimal change |
| STCP 19-7 | App A3 | Energisation Operational Notification Letter | 19-3 version adapted, with minimal change |
| STCP 19-7 | App A4 | | |
| STCP 19-7 | App A5 | A4/A5 Interim Operational Notification Letter | 19-3 version adapted, with minimal change |
| STCP 19-7 | App A6 | Schedules of Unresolved Compliance Issues | 19-3 version adapted, with minimal change |
| STCP 19-7 | App A7 | Final Operational Notification Letter | 19-3 version adapted, with minimal change |
| STCP 19-7 | App A8 | | |
| STCP 19-7 | App A9 | Grid Interface Data File Structure | UDFS equivalent |
| STCP 19-7 | App B | Register of Responsibility of Parties | |
| STCP 19-7 | App C | Abbreviations & Definitions | |
| STCP 12-1 | App C (add D?) | Service Capability Specification | Service Capability Specification not thought to work for Tx-Tx, need CTISS version |

Draft modification submitted

STCPs

- PM0137 - Queue Management Co-ordination Procedure (Verbal Update)

New modifications submitted

STCPs

- PM0134 Introducing Connections process to facilitate Competitively Appointed Transmission Owners



If a change is developed which has the potential to materially amend an existing STCP the proposer is obligated to seek Panel's views on materiality before proceeding.

When considering the proposed changes to the STCPs, the 1st ask on voting members is whether you agree that the change is material.

- If not, then approved/rejected as has been done in the past;
- If material, then the proposer of the change would need to seek Ofgem's written approval to proceed, and to clarify who should approve the change.

Ofgem can then decide either:

- It is acceptable for the Panel to approve/reject the STCP changes (as has been done in the past; or
- They will make the decision themselves.



**PM0134 – Introducing Competitively
Appointed Transmission Owners &
Transmission Service Providers**

Alana Collis and Steve Baker - 13th December 2023

Background to STCP Changes to facilitate CATO

- The **Energy Act** received Royal Assent on October 26 2023, making provisions to enable competitive tenders in onshore electricity networks
- These modifications aim to introduce the concept of **Competitively Appointed Transmission Owners (CATO's)** for the purposes of introducing Onshore Network Competition for the design, build and ownership of Onshore Transmission assets
- Once implemented FSO is to run tenders to appoint a preferred bidder for designated projects to add to the NETS
- CATOs will be appointed following the tender process and will be financed through a long Tender Revenue Stream
- To allow **Onshore Network Competition** to be implemented effectively, the competition processes, obligations, technical requirements, charges, and remuneration principles need to be embedded within the relevant codes
- The proposed modifications will enable early competition and are based upon the assumption that CATOs will be granted a Transmission Licence and will be categorised as Onshore Transmission Licensees
- The legal text changes have been discussed alongside STC mods CM086 and CM087 and are to be made in association with changes to other Codes and Standards, including SQSS, CUSC, Grid Code and BSC
- The proposed code changes form part of the package of work to establish the frameworks for competition in onshore electricity networks. This has a key role to play in improving efficiency in network investment and driving innovative solutions to network needs, helping us meet our decarbonisation targets at the lowest cost to consumers

Overview of Draft PM0134 Modification

- The objective of this modification is to make consequential changes and additions to Procedures resulting from CM086 which introduces the concept of CATO throughout the STC.
- The concept of Competitively Appointed Transmission Owners (CATOs) is to enable Onshore Network Competition for the design, build and ownership of Onshore Transmission assets which will become additional TOs whose assets will add to the NETS.
- PM0134 has no materiality as seeks only to introduce the concept of Competitively Appointed Transmission Owners (CATOs)
- Changes are made on the assumption that a CATO will be granted a Transmission Licence and categorised as an Onshore Transmission Owner
- STCP Legal Text changes have been discussed as part of the CM086 Workgroups as they were required to provide context.
- It is intended to submit all CATO modifications to Ofgem as a bundle at the end of Q1 2024.

PM0134 Legal Text Solution

Publicly Available

Clerical changes and additions to the suite of STCPs are being made as part of the work to introduce the concept of CATO

| STCP01-1 | Section | Action | Phrase/ words inserted | Change Category |
|----------|--|---------|---|--------------------|
| 1 | 3.1.6 | | "or CATO Interface Point" | New CATO term |
| 2 | Transmission Status Certificate Proforma | | "and CATOs" | Introduce CATO |
| 3 | Abbreviations | | "CATO- Competitively Appointed Transmission Owner" | Introduce CATO |
| 4 | Definitions | | "CATO Interface Point" | New CATO term |
| STCP02-1 | Section | Action | Phrase/ words inserted | |
| 1 | 1.1.1 | Insert: | "All Competitively Appointed Transmission Licence holders as appointed by OFGEM" | Introduce CATO |
| 2 | Appendix B: Alarm Condition Tables | Insert: | "The below table may be updated to incorporate the actions that a Competitively Appointed Transmission Owner shall normally take in their licensed area for a given alarm condition following the appointment of that Party." | Provision for CATO |
| 3 | Abbreviations | Insert: | "CATO Competitively Appointed Transmission Owner" | Introduce CATO |
| 4 | STC definitions used: | Insert: | "CATO" | Introduce CATO |
| STCP06-1 | Section | Action | Phrase/ words inserted | Change Category |
| 1 | 1.1.7 | Insert: | "Competitively Appointed Transmission License holders as appointed by OFGEM" | Introduce CATO |
| 2 | 3.1.9 | Insert: | "(excluding Competitively Appointed Transmission Owners)" | Introduce CATO |
| 3 | 3.4.4.5 | Insert: | "or Competitively Appointed Transmission Owner" | Introduce CATO |
| 4 | Abbreviations | Insert: | "CATO Competitively Appointed Transmission Owner" | Introduce CATO |
| 5 | STC definitions used: | Insert: | "CATO" | Introduce CATO |
| STCP11-1 | Section | Action | Phrase/ words inserted | Change Category |
| 1 | 1.1.4 | Insert: | "All Competitively Appointed Transmission Licence holders as appointed by OFGEM (for the avoidance of doubt a Competitively Appointed Transmission Licensee is assumed to be an Onshore Transmission Licensee)." | Introduce CATO |
| 2 | 1.3.3.4 | Insert: | "1.3.3.4 Competitively Appointed Transmission Owners mean Transmission Owners appointed by means of a competitive tendering process administered by The Company." | Introduce CATO |
| 3 | Abbreviations | Insert: | "CATO Competitively Appointed Transmission Owner" | Introduce CATO |
| 4 | STC definitions used: | Insert: | "CATO" | Introduce CATO |

| STCP13-1 | Section | Action | Phrase/ words inserted | Change Category |
|----------|-----------------------|---------|--|-------------------------------|
| 1 | 1.1.2 | Insert: | "Competitively Appointed Transmission Owners (CATOs)" | Introduce CATO |
| 2 | 1.1.3 | Insert: | "CATOs" | Introduce CATO |
| 3 | 3.1.4 | Insert: | "3.1.4 For CATOs, revisions can be made to the TO General System Charges and TO Site Specific Charges up to the close of the Post Preliminary Works Cost Assessment. On the working day following the close of the Post Preliminary Works Cost Assessment a final revision is to be sent to the NGESO Revenue Contact. When a CATO licence is granted during the year, the NGESO Revenue Contact shall email the CATO revenue contact requesting a forecast of their TO General System Charges and TO Site Specific Charges for the current Financial Year. The CATO revenue contact shall email the NGESO Revenue Contact their forecast of their TO General System Charges and TO Site Specific Charges for the current Financial Year. Revisions can be made to the TO General System Charges and TO Site Specific Charges up to the close of the Post Preliminary Works Cost Assessment" | Facilitating Introducing CATO |
| 4 | 3.1.5 | Insert: | "or CATOs"; "and 3.1.4" | Introduce CATO |
| 5 | 3.1.6 | Insert: | "or CATOs"; "and 3.1.4"; "or CATO" | Introduce CATO |
| 6 | 3.1.7 | Insert: | "NGET,SPT and SHETL"; "NGET,SPT and SHETL"; | Introduce CATO |
| 7 | 3.1.9 | Insert: | "CATOs" | Introduce CATO |
| 8 | 3.8 | Insert: | "3.8.1" | Introduce CATO |
| 9 | 3.8.2 | Insert: | "3.8.1 3.8.2 Within 5 working days of section X(X)X notice being given to the CATO, the prospective CATO writes on company letter headed note paper to the NGESO revenue contact detailing bank details, trading name, trading address, invoicing address and invoicing contact. The letter to be signed by a company authorised signatory" | Introduce CATO |
| 10 | Abbreviations | Insert: | "CATO Competitively Appointed Transmission Owner" | Introduce CATO |
| 11 | STC definitions used: | Insert: | "CATO" | Introduce CATO |
| STCP14-1 | Section | Action | Phrase/ words inserted | Change Category |
| 1 | 1.1.3 | Insert: | "All Competitively Appointed Transmission Licence holders as appointed by Ofgem" | Introduce CATO |
| 2 | 2.1.8 | Insert: | "and CATOs" | Introduce CATO |
| 3 | Abbreviations | Insert: | "CATOs Competitively Appointed Transmission Owners" | Introduce CATO |
| 4 | STC definitions used: | Insert: | "CATOs" | Introduce CATO |

PM0134 – the asks of Panel

- **AGREE** that the materiality of the STCP change
- **AGREE** the implementation next steps
- **NOTE** that Implementation Date will be in line with the package of CATO modifications



Inflight Modification Updates

None



Workgroup Report

- **CM086** – *Introducing Competitively Appointed Transmission Owners & Transmission Service Providers*
- **CM087** – *Introducing Connections Process to facilitate Competitively Appointed Transmission Owners*



Workgroup Report

CM086: Introducing Competitively Appointed Transmission Owners & Transmission Service Providers

Presenter: Sarah Carter

Key points to note to the Panel

- The objective of CM086 is to introduce the concept of CATO throughout the STC, in addition to other consequential changes.
- CM086 is the first of two proposed modifications to the STC as part of the work being done to implement Onshore Network Competition.
- The changes in CM086 are made on the assumption that a CATO will be granted a Transmission License and will be categorised as an Onshore Transmission Owner.

Solution(s) and Workgroup Vote

Solution/summary of solutions:

- The objective of this modification is to implement minimum change to the STC to facilitate the introduction of CATOs.

Summary of Workgroup Vote:

- The Workgroup concluded unanimously that the CM086 Original better facilitated the applicable STC Code Objectives than the Baseline.

CM086 - Terms of Reference

The Workgroup conclude that they have met their Terms of Reference and the references can be located below:

| Workgroup Term of Reference | Location in Workgroup Report |
|--|---|
| a) Implementation | Along with other CATO modifications |
| b) Review and support the legal text drafting | Workgroup Considerations pages 5/6 (also Annex 3) CM086 Legal Text |
| c) Ensure the appropriate Industry experts or stakeholders are engaged in the Workgroup to ensure that all potentially affected stakeholders have the opportunity to be represented in the Workgroup | Distribution list in Annex 7 Workgroup Considerations – Page 5 |
| d) Consider the cross-code impacts that this modification has, with particular consideration of any consequential impacts to Grid Code, SQSS and CUSC | Interactions |
| e) Ensure that the proposed STC changes effectively implement the CATO regime in a proportionate manner, adopting minimum necessary change | Legal text (page 6) |

CM086 – the asks of Panel

- **AGREE** that the Workgroup have met their Terms of Reference
- **AGREE** that this Modification can proceed to Code Administrator Consultation
- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Grid Code.
- **NOTE** the ongoing timeline

CM086 Next Steps

| Milestone | Date |
|--|--|
| Code Administrator Consultation (1 Month) | 08 January 2024 to 5pm on 08 February 2024 |
| Draft Final Modification Report issued to Panel | 20 February 2024 |
| Draft Final Modification Report presented to Panel | 28 February 2024 |
| Final Modification Report issued to Panel to check votes recorded correctly (5 working days) | 04 March 2024 |
| Submission of Final Modification Report to Ofgem | 26 March 2024 |
| Ofgem decision date | TBC |
| Implementation Date | TBC |



Workgroup Report

**CM087: Introducing Connections Process to facilitate
Competitively Appointed Transmission Owners**

Presenter: Sarah Carter

Key points to note to the Panel

- CM087 has been raised to address the TO-CATO Connections process and facilitation of the introduction of Competitively Appointed Transmission Owners (CATOs) to the STC.
- CM087 solution is a bespoke CATO-TO connection process underpinned by extended, strengthened Planning and Co-ordination provisions of the STC.
- CM087 is the second of two proposed modifications to the STC as part of work being completed to implement Onshore Network Competition.
- New consequential STCPs have been developed along side CM087:
CATO Connections Process (STCP 18-5)
Compliance Process (STCP 19-7)
Plus amendments to other Procedures (STCP12-1 and STCP16-1).
- Workgroup members agreed to have an extra Workshop meeting (outside of this modification) to complete the work on STCPs.

Solution(s) and Workgroup Vote

Solution/summary of solutions:

- The objective of CM087 is to solve issues around TO-CATO Connections process to facilitate the introduction of Competitively Appointed Transmission Owners (CATOs) to the STC.

Summary of Workgroup Vote:

- The Workgroup concluded by majority that the CM087 Original better facilitated the applicable STC Code Objectives than the Baseline.

CM087 - Terms of Reference

The Workgroup conclude that they have met their Terms of Reference and the references can be located below:

| Workgroup Term of Reference | Location in Workgroup Report |
|--|---|
| a) Implementation | Along with other CATO modifications |
| b) Review and support the legal text drafting; | Workgroup Considerations (also Annex 3) CM087 Legal Text |
| c) Ensure the appropriate Industry experts or stakeholders are engaged in the Workgroup to ensure that all potentially affected stakeholders have the opportunity to be represented in the Workgroup | Distribution list in Annex 8 |
| d) Consider the cross-code impacts that this modification has, with particular consideration of any consequential impacts to Grid Code, SQSS and CUSC | Interactions |
| e) Ensure that the proposed STC changes effectively implement the CATO regime in a proportionate manner, adopting minimum necessary change. | Legal text and Workgroup Considerations |

CM087 – the asks of Panel

- **AGREE** that the Workgroup have met their Terms of Reference
- **AGREE** that this Modification can proceed to Code Administrator Consultation
- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the Grid Code.
- **NOTE** the ongoing timeline

CM087 Next Steps

| Milestone | Date |
|--|--|
| Code Administrator Consultation (1 month) | 08 January 2024 to 5pm on 08 February 2024 |
| Draft Final Modification Report issued to Panel | 20 February 2024 |
| Draft Final Modification Report presented to Panel | 28 February 2024 |
| Final Modification Report issued to Panel to check votes recorded correctly (5 working days) | 04 March 2024 |
| Submission of Final Modification Report to Ofgem | 26 March 2024 |
| Ofgem decision date | TBC |
| Implementation Date | TBC |



Any Other Business

- Results of Doodle Poll re STC Panel Meeting time

Activities ahead of the next Panel Meeting

Modification Proposals to be submitted

16 January 2024

Papers Day

23 January 2024

Panel Meeting

31 January 2024
Teams Meeting

Close



Sarah Carter
STC Panel