

STC Modification Proposal Form		
<div>CM098: Updating STC Arrangements to replace the Electricity Arbitration Association with the London Court of International Arbitration</div> <div>Overview: The Electricity Arbitration Association (EAA) is now defunct. This modification looks to replace the EAA and replace them with the London Court of International Arbitration from the STC.</div>		<div>Modification process & timetable</div> <div><div>1</div><div>Proposal Form 09 May 2024</div></div> <div><div>2</div><div>Code Administrator Consultation 10 June 2024 – 01 July 2024</div></div> <div><div>3</div><div>Draft Final Modification Report 23 July 2024</div></div> <div><div>4</div><div>Final Modification Report 07 August 2024</div></div> <div><div>5</div><div>Authority Decision TBC</div></div> <div><div>6</div><div>Implementation TBC</div></div>
<div>Status summary: The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.</div>		
<div>This modification is expected to have a: Low impact</div>		
<div>STC Parties</div>		
<div>Proposer's recommendation of governance route</div>	<div>Standard Governance modification to proceed to Code Administrator Consultation</div>	
<div>Who can I talk to about the change?</div>	<div>Proposer: Joseph Henry Joseph.henry2@nationalgrideso.com 07970673220</div>	<div>Code Administrator Contact: Elana Byrne elana.byrne@nationalgrideso.com 07749 576 706</div>

Contents

Contents 2

What is the issue? 3

 Why change? 3

What is the proposer’s solution? 4

 Legal text..... 4

What is the impact of this change? 4

 Proposer’s assessment against STC Objectives 4

 Proposer’s assessment of the impact of the modification on the stakeholder /
 consumer benefit categories 4

When will this change take place? 5

 Implementation date 5

 Date decision required by 5

 Implementation approach 5

 Proposer’s justification for governance route 5

Interactions..... 5

Acronyms, key terms and reference material..... 5

 Reference material 6

What is the issue?

Since 1993, the industry has used the Electricity Arbitration Association (EAA) as its official arbitration provider for any arbitration or disputes.

In BSC modification [P457](#), it was highlighted that *“the EAA has not been used by a Market Participant since its inception in 1993 and does not provide good value for money for BSC Parties as monthly payments are required, irrespective of whether there are any disputes to consider. Moreover, the EAA is rarely used in commercial agreements, does not maintain its website and requires monthly payment, irrespective of whether their services are used. This therefore does not offer good value for money for BSC Parties”*.

[P457](#) was approved by the Authority on 1 November 2023. This proposal proposed that the EAA was replaced within the BSC by the (LCIA) and removed the obligation on Elexon to make regular payments for arbitration services, instead only paying LCIA in the event of a dispute requiring resolution

The STC currently contains 15 references to the Electricity Arbitration Association. As it has been established that the EAA is *de facto* defunct, it would be appropriate to align arbitration to that of other codes such as the BSC and the REC. The CUSC, Grid Code and SQSS are also being aligned.

Why change?

- i) The EAA has not been used in any industry dispute since 1993 and is not contactable. Its website is not updated, and as such it seems inappropriate for the STC to list this as its official arbitration provider.
- ii) The London Court of International Arbitration (LCIA) is an internationally recognised provider of arbitration services. The LCIA is also experienced in the resolution of Energy Codes disputes, and is the official arbitration service of both the BSC and the REC.
- iii) The LCIA offer a service whereby it requires payment in instances where there is a dispute requiring arbitration. Elexon, were responsible previously for paying the overhead costs of the LCIA. Whilst the STC did not pay for this service, it references the service in non-charging sections on 15 different instances.
- iv) The LCIA is a not-for-profit company limited by guarantee. The LCIA Board is *“made up largely of prominent London-based arbitration practitioners, is principally concerned with the operation and development of the LCIA's business and with its compliance with applicable company law”*¹. They provide an appropriate level of expertise to administer arbitration disputes within the STC. The charges for this arbitration service fall upon the party initialising the arbitration. These costs are set out on the LCIA website².
- v) The provisions will be an improvement on the current service within the STC provisions.

¹ [Introduction \(lcia.org\)](#)

² [LCIA Website - Costs](#)

What is the proposer’s solution?

Update STC Sections F, J, H and Schedule 15 references to EAA and replace with References to LCIA.

Legal text
See Annex 1

What is the impact of this change?

Proposer’s assessment against STC Objectives	
Relevant Objective	Identified impact
(a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act	Neutral
(b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission	Neutral [Please provide your rationale]
(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	Neutral [Please provide your rationale]
(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	Neutral
(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC	Positive Modification seeks to update Arbitration process to make it fit for purpose
(f) facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;	Neutral [Please provide your rationale]
(g) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.	Neutral [Please provide your rationale]

Proposer’s assessment of the impact of the modification on the stakeholder / consumer benefit categories	
Stakeholder / consumer benefit categories	Identified impact

Improved safety and reliability of the system	Neutral
Lower bills than would otherwise be the case	
Benefits for society as a whole	Neutral
Reduced environmental damage	Neutral
Improved quality of service	Positive This change will enable efficient arbitration processes within the CUSC, Grid Code, SQSS and STC

When will this change take place?

Implementation date
10 Business Days post decision

Date decision required by
15 August 2024

Implementation approach
No systems and processes will require update.

Proposer’s justification for governance route
Governance route: Standard Governance modification to proceed to Code Administrator Consultation

As the modification seeks to change the process of arbitration in the STC, the STC Panel should make a recommendation on this. This is a minor change and does not require a Workgroup.

Interactions

- ☒ Grid Code
☐ European
Network Codes
- ☐ BSC
☐ Other
modifications
- ☒ CUSC
☐ Other
- ☒ SQSS

Code to be updated post decision. No systems and processes will require update

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CM	Code Modification

CUSC	Connection and Use of System Code
EAA	Electricity Arbitration Association
LCIA	London Court of International Arbitration
REC	Retail Energy Code
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards

Reference material

- Add links to reference material

Annex	Information
Annex 1	Legal Text