

System Operator – Transmission Owner Code (STC)

Title of the STCP Modification Proposal
Improvements to Revenue Forecast Information Provision under STCP24-1
Submission Date
11 June 2015
Description of the Issue or Defect that the STCP Modification Proposal seeks to address
<p>Suppliers and Generators have asked for the transparency of TNUoS Tariff forecasts to be improved by publishing a breakdown of the allowed revenue assumptions in those forecasts into the main components under RIIO price controls. Without this information Suppliers and Generators do not know the underlying revenue assumptions in tariff forecasts and therefore cannot assess the risk of revenue changing or model their own revenue assumptions.</p> <p>The information currently provided to National Grid by other Transmission Owners under STCP24-1 does not explicitly require this level of information. This can lead to inconsistent approaches or information missing from Transmission Owner submissions.</p> <p>The STCP requires Transmission Owners to provide forecasts in early January, April, July and October to be used in the quarterly TNUoS tariff forecasts later in those months. However, Transmission Owner revenue forecasts only materially change following the annual regulatory reporting process which completes in July and Ofgem's determination of price control variables in November. Therefore the frequency and timing of the forecasts under the STCP needs to be reduced and aligned with when Transmission Owner's forecasts change.</p>
Description of the STCP Modification Proposal
<p>This modification will:</p> <ul style="list-style-type: none">• Revise the template used by Transmission Owners to submit their revenue forecasts to match the structure of the allowed revenue conditions in their licences.• Forecasts will cover financial years Y-1 to Y+5, with Y0 being the financial year that the forecast is submitted, to provide information for the annual five year forecast.• Reduce the frequency of forecasts to early February and early October.

Impact on the STC

Changes to STC Procedure 24-1.

Impact on Core Industry Documentation. Please tick the relevant boxes and provide any supporting information

BSC

Grid Code

CUSC

Other
(please specify)

None.

Impact on Computer Systems and Processes used by STC Parties:

Transmission Owners have voluntarily provided the additional revenue granularity during 2014 so no further changes their systems or processes are envisioned.

Details of any Related Modification to Other Industry Codes

CUSC 3.15 requires the GB System Operator to publish quarterly year-ahead tariff forecasts. The CUSC is not explicit as to what level of supporting information should be provided with these forecasts but the CUSC Panel has discussed proposing a clarification requiring this level of detail.

Justification for STC Modification Proposal with Reference to Applicable STC Objectives:

This section is mandatory. You should detail why this Proposal better facilitates the Applicable STC Objectives compared to the current baseline. Please note that one or more Objective must be justified.

Please tick the relevant boxes and provide justification:

(a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act

(b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission

(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

TNUoS Tariff forecasts are used by Generators and Suppliers to forecast their TNUoS liabilities and therefore the cost base underlying their contracts with their customers. Where there is uncertainty then Generators and Suppliers may include a risk premium. If Suppliers and Generators apply different levels of risk premium according to their estimation of the risk this can distort competition.

(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.

(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.

Requiring more detail in Transmission Owner revenue forecasts will enable the GB System Operator and customers to track and understand changes in revenue assumptions providing more rigour to TNUoS tariff forecasts and customer's own charges. Reducing the frequency will also reduce wasted effort.

(f) facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;

(g) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.

Additional details

Details of Proposer: (Organisation Name)	National Grid
Capacity in which the STCP Modification Proposal 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:	Stuart Boyle National Grid 01926 655588 Stuart.boyle@nationalgrid.com

Details of Representative's Alternate:	
Name:	Mary Owen
Organisation:	National Grid
Telephone Number:	01926 655654
Email Address:	mary.owen@nationalgrid.com
Attachments (Yes/No):	
No.	

Contact Us

If you have any questions or need any advice on how to fill in this form please contact the Modification Panel Secretary:

E-mail STCTeam@nationalgrid.com

Phone: 01926 653509

For examples of recent STC Modifications Proposals that have been raised please visit the National Grid Website at

<http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/amendments/currentamendmentproposals/>

Submitting the Proposal

Once you have completed this form, please return to the Panel Secretary, either by email to Lucy.Hudson@nationalgrid.com and copied to STCTeam@nationalgrid.com, or by post to:

Lucy Hudson
 STC Modification Panel Secretary, TNS
 National Grid Electricity Transmission plc
 National Grid House
 Warwick Technology Park
 Gallows Hill
 Warwick
 CV34 6DA

The Modification Panel Secretary will check the form has been completed, in accordance with the requirements of the STC. If no more information is required, the Modification Panel Secretary will contact you with a Modification Proposal number and the date the Proposal will be considered by the Panel. If, in the opinion of the Modification Panel Secretary, the form fails to provide

the information required in the STC, the Proposal can be rejected. You will be informed of the rejection and the Modification Panel will discuss the issue at the next meeting. The Modification Panel can reverse the Modification Panel Secretary's decision and if this happens the Modification Panel Secretary will inform you.