

STC Modification Panel Minutes: 26 October 2022

STC Modification Panel Minutes: Meeting Number 204

Date: 26 October 2022 **Location:** Microsoft Teams

Start: 10:00am **End:** 12:00

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) |
| Jamie Webb | JW | National Grid Electricity System Operator (NGESO) |
| Terry Baldwin | TB | National Grid Electricity System Operator (NGESO) |
| David Halford | DH | National Grid Electricity System Operator (NGESO) |
| Milly Lewis | MLEW | National Grid Electricity System Operator (NGESO) |
| Banke John-Okwesa | BJO | National Grid Electricity System Operator (NGESO) (Observer) |
| Tony Johnson | TJ | National Grid Electricity System Operator (NGESO) |
| Kwaku Nti | KN | National Grid Electricity System Operator (NGESO) |
| Laura Henry | LH | National Grid Electricity System Operator (NGESO) |
| Gareth Stanley | GS | National Grid Electricity System Operator (NGESO) (Observer) |
| Alastair Grey | AG | National Grid Electricity System Operator (NGESO) (Observer) |
| Neil Sandison | NS | Scottish Hydro Electric Transmission plc. (SHET) |

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| Michelle MacDonald Sandison | MMacDS | Scottish Hydro Electric Transmission plc. (SHET) |
| Richard Woodward | RWO | National Grid Electricity Transmission (NGET) |
| Ian Bottomer | IB | National Grid Electricity Transmission (NGET) |
| Milorad Dobrijevic | MD | Scottish Power Transmission plc. (SPT) |
| Mike Lee | ML | Offshore Transmission Owner (OFTO) |
| Jonathan Coe | JC | Authority Representative |
| Apologies | Initials | Company |
| Nicola Bruce | NB | National Grid Electricity System Operator (NGESO) |
| Keith Jones | KJ | National Grid Electricity System Operator (NGESO) |
| Joel Matthew | JM | Offshore Transmission Owner (OFTO) |
| Neil Bennett | NB | Scottish Hydro Electric Transmission plc. (SHET) |
| Nadir Hafeez | NH | Authority Representative |

1. Introductions and Apologies for Absence

6101. Apologies were received from Nicola Bruce, Keith Jones, Neil Bennett, Joel Matthews and Nadir Hafeez.

2. Approval of Minutes from Previous Meeting

6102. The Panel approved the minutes from the meeting held on 28 September 2022 with minor update made. (**Post Panel note:** The minutes are now available on the National Grid ESO [website](#).)

3. Review of Actions

6103. The Panel reviewed the open actions from the meeting held on 28 September 2022 which can be found on the [Actions Log](#) within the Panel Papers.

6104. The Panel discussed and agreed that **ACTION 6031** can now be closed pending the outcome of **CATO** modifications.

6105. All other actions are now closed except for **ACTION 5723** where the ownership has now been transferred to **NGET (RW)** to update Panel as appropriate.

4. Authority Decisions

6106. JC advised the Panel there were no new Authority decisions on STC modifications and re-iterated that **CM078** was still on track for a decision on 30 November 2022.

5. STC/STCP Modification Proposals for Panel Decision

6107. The Chair advised the Panel that one new modification had been received for October 2022 Panel and invited the Proposer to present.

6108. TB provided an update on **PM0126 (CMP298/CM080) - 'Transmission Impact Assessment Process'**.
6109. TB gave the Panel a summary advising that: -
- Wider issues had been identified with the CPA process. The process applied to the TIA process has been kept in line with statement of works process until this is resolved
 - New definitions had been added in the key definitions of the document
 - Widened the objectives of the procedure to include ETI and TIA due to process similarities
 - New sections for Introduction, Evaluation of transmission Impact and Transmission Impact Assessment
 - Following implementation further engagement will be carried out to setup the new processes
6110. The ask of the Panel was **Agree** and **Approve** the STCP changes '**in Principle**' with implementation in line with Ofgem's decision on **CMP298/CM080**.
6111. The Panel unanimously approved the STCP changes '**in Principle**' and agreed that it would only be implemented following a positive decision from the Authority on **CMP298** and **CM080**. Once the Authority have decided, the Panel will formally approve this STCP change by circulation.

6. Draft STC/STCP Modifications

6112. The Chair advised the Panel that two draft modifications had been submitted to October 2022 Panel and invited Tony Johnson to present.
6113. TJ presented **PM0128(GC0156) – Implementation of the Electricity System Restoration Standard in relation to GC016** advising the Panel that this modification was being presented as a draft and will be formally raised at November 2022 Panel.
6114. TJ advised the Panel that **PM0128** was seeking to make a number of changes to the System Operator Transmission Owner Code to facilitate Special Condition 2.2 of National Grid's Electricity System Operator's Transmission Licence implementing an Electricity System Restoration Standard (ESRS):-
- a) 60% of electricity demand being restored within 24 hours in all regions;
 - and
 - b) 100% of electricity demand being restored within 5 days nationally.
- The purpose of this direction was to require that the ESO;
- i) Ensures and maintains an electricity restoration capability; and
 - ii) Ensures and maintains the restoration timeframe.
 - iii) Replace the definition of "Black Start" with "Electricity System Restoration"
6115. TJ advised that the aim was to restore the system and supplies as quickly as possible in the most economic manner.

6116. TJ stated that as part of this process some changes would be required to the STC and STCP's, most of which were consequential. These were minor as most of the changes apply to "Users" through the Grid Code and Distribution Code.
6117. TJ advised the Panel that whilst the areas below have been identified initially, this was not a definitive list and could be subject to change.
6118. **STC Changes**
- Section C (Transmission Services and Operations)
 - Section J (Interpretation and Definitions)
 - Schedule 3 (Information and Data Exchange Specification)
- STCP changes**
- STCP02-1 (Alarm and Event Management)
 - STCP 04-3 (Real Time Data Provision)
 - STCP 04-4 (Provision of Asset Operational Information)
 - STCP 04-5 (Operational Telephony)
 - STCP 04-6 (Offshore Datalink Functional Specification for Telecontrol Communications Interface)
 - STCP 06-1 (Black Start)
 - STCP 06-4 (Contingency Arrangements)
 - STCP08-1 (Protection settings)
 - STCP 08-3 (Operational Tests and System Tests)
 - STCP16-1 (Investment Planning)
 - STCP 18-1 (Connection and Modification Application)
 - STCP 19-3 (Operational Notification and Compliance Testing)
6119. TJ advised the Panel that the next steps were to:-
- Conclude legal text drafting for Grid Code and Distribution Code
 - Update the System Defence Plan, System Restoration Plan & Test Plan
 - Update the Grid Code and STC to facilitate the provision of Black Start from Offshore Networks – this was expected to be a significant growth area in the future
 - Consequential changes to STC and STCP as a result of GC0156 Modification
6120. TJ advised the Panel of the changes will be introduced through Grid Code modification **GC0156**. Most of the changes applied to both Grid Code User's and Transmission Licensees. The ESO would undertake a review of the STC and STCP's to ensure consistency with the **GC0156** changes. The aim was to formally raise the necessary STC/STCP modifications to reflect these changes at the November 2022 Panel. However, should the legal text not be ready then these modifications would be brought to the following Panel when the legal text had been drafted.

6121. TJ re-iterated that this modification was brought to the October Panel purely for Panel members to be aware that **PM0128** was being worked upon and would be formally presented as soon as the legal text had been drafted.
6122. The Chair invited DH to provide an update on **PM0124 – Enduring Expansion Constant & Expansion Factor Review Overview in relation to (CMP315/CMP375)**.
6123. DH summarised the issues on **CMP315/CMP375**: -
- As approved under **CMP353**, the CUSC currently specified that the Expansion Constant (EC) and associated generic onshore Expansion Factors (EF) were fixed at the value used in 2020/21 plus relevant inflation for each following year
 - Without establishing and implementing an enduring solution for the calculation of the EC and EFs there was a risk that the charging methodology would not appropriately reflect the incremental costs of the system to Users
 - **CMP315** (TNUoS: Review of the Expansion Constant and elements of the Transmission System charged for) & **CMP375** (Enduring Expansion Constant and Expansion Factor Review), seeks to review and amend the calculation of the Expansion Constant & Expansion Factors to better reflect the growth of and investment in the National Electricity Transmission System (NETS)
 - This proposal would have a high potential impact on all Users who pay TNUoS charges, ESO and Onshore and Offshore Transmission Owners
 - **CMP315&CMP375** were being progressed together as Standard Governance modifications with workgroups currently on-going. Consequential changes to the **STCPs** would likely to be required to facilitate **CMP315&CMP375**.
6124. DH advised the Panel that the last Workgroup was held on the 11 October 2022 with further discussions around the possible solutions to address the modifications. There were currently two original proposals and five alternatives being discussed in the Workgroups.
6125. DH continued that further development on the precise definition of the 7 possible solutions were required by 25th October, before formal voting could be concluded in respect of the current solutions. The next workgroup was scheduled for 8 November 2022, with the objective of voting on the solutions which would go forward into the Workgroup Report. An extension may be required to the current CUSC modification timelines due to the complexity of the possible solutions. The aim was that the Final Modification Report would be submitted to Ofgem in April 2023, with implementation taking place from the April 2024 charging year, if approved.
6126. DH advised the Panel that the STC impacts (**PM0124**), STCP14-1 was likely to require changes if the CUSC solutions require amendments to current Expansion Constant requirements with regard to details of the provision of data from the TOs. The two ESO proposed alternatives require no changes to STCPs, but both original proposals and the other alternatives would require changes to STCP14-1 in respect of additional data requests or more frequent requests of data currently supplied as part of Section 3.5 of STCP14-1. Once a definitive set of CUSC solutions had been confirmed, the corresponding specific STCP changes to STCP 14-1,3,5 would be identified, drafted and presented to the TOs for initial review and comments.
6127. DH advised the Panel that the draft presentation at October 2022 Panel was to flag the STCP changes that would be required. However, from a CUSC perspective once there

was a clearer view, then the changes to the STCPs could be started to be drafted and shared for comments before they are brought to Panel.

6128. DH detailed that whilst not much else could be shared at this stage, the desire was to try and have interaction with the TOs as early as practicably possible, and once the progression of the CUSC modification was known, then any changes required to the STCs can be brought to the Panel. Once the workgroup has convened on 8 November 2022 and a definitive set of CUSC solutions has been confirmed, the corresponding specific STCP changes to STCP 14-1, 3.5 would be identified, drafted and presented to TOs for initial review and comment before being presented at Panel. Slides have been included within the [Panel papers](#).
6129. DH continued that the CUSC were looking to go to Ofgem in April 2023 and it would be at that point that STCP changes would be brought to Panel for **'agreement in Principle'** pending Ofgem's decision on **CMP315 & CMP375**.

7. Inflight Modification Progress

6130. MLEW was invited to update the Panel on the progress of **CM084 – Clarify STCP modification approach for cross-code changes**).
6131. MLEW summarised that **CM084** had built on the existing governance provisions within the System Operator Transmission Owner Code (STC) to ensure a timely development and approval of STCP modifications – particularly those which resulted from cross-code changes. The solution was to update **Section B: Governance** of the STC Code to better manage STCP modification processes, including for cross-code changes.
6132. MLEW advised the Panel that the Workgroup had met 5 times and concluded that the Terms of Reference had been met. The Workgroup also concluded unanimously that the original solution better facilitated the Applicable STC Objectives than the Baseline.
6133. The solution was to **Update 7.3**. *“Amendment and Creation of Code Procedures of **Section B: Governance of the STC Code to better manage STCP modification processes, including for cross-code changes.**”*
6134. The Chair requested clarification who the obligation would be on and it was confirmed that the obligation would not be on Ofgem but on the STC parties to be proactive in identifying and raising any STCPs as a consequence of cross code change.
6135. RW clarified that **CM084** was looking at existing provisions that STC parties should be utilising to date already, especially for new STCPs, whilst there was provision to get Ofgem's permission for these to be agreed by the STC Panel. This modification was seeking to incorporate amendments to the procedures that maybe material also rather than creating a new section but being proactive and seeking the Panels input on materiality should this be needed.
6136. RW summarised to the Panel that through this change, there would be a much earlier sight/consideration of materiality and then there was the process where Ofgem could be involved in the conversation at that point and ensure this process happens.
6137. The Chair advised that going forward, should **CM084** be approved by Ofgem, that for modifications to have a material impact, they would have to come to Panel to agree the materiality and then seek Ofgem's approval.

6138. The ask of the Panel was to **Agree** that the Workgroup had met their Terms of Reference, **CM084** could proceed to Code Administrator Consultation and note the timeline.
6139. The Panel unanimously agreed that Workgroup had met **CM084** Terms of Reference and the modification could proceed to Code Administrator Consultation noting the timeline.

8. Code Administrator Update

6140. No Update.

9. Potential Future Modifications

Modification Tracker and Horizon Scan

6141. The Panel reviewed the STC Modification Tracker. The amendments to this tracker can be found within the [Panel papers](#).

Authority Update

6142. JC advised that Ofgem were still looking to were publishing the ongoing Code Governance Reform, seeking views on key policy areas of the Code Consolidation/Code Manager Licence Conditions/Stakeholder Advisory Forum to provide some further information to their approach to implementation. However, publication timelines were currently under review whilst Ofgem await information from BEIS on their plans on the Energy Security Bill.

10. Reports from Sub- Committees

Joint Planning Committee – JPC

6143. The next JPC meeting to be confirmed.

Network Access Policy Workgroup – NAP

6144. MD advised the Panel that the next NAP meeting was scheduled for early December 2022.

11. Any other Business

6145. The Chair re-affirmed that the purpose of the Panel meetings was to meet and make decisions. The attendees to the Panel should be the Panel representatives/alternates and the presenters. The Code Administrator Team would like to ensure that the right people attend, therefore any requests to attend the Panel meeting/s should have permission from the Chair or the Panel Secretary and Panel members were respectfully requested to refrain from forwarding invites with prior consent.
6146. LH was invited to give an update on Connections Reform and advised the Panel that the Connections Reform had started in line with BP2 plans. In its current state it was deemed not fit purpose and the team have basically started from scratch. Whilst this

piece of work was not scheduled to start immediately, following much feedback from industry the timeline has been accelerated.

- 6147. LH advised the Panel that the Problem Statement had been already submitted to Ofgem. The Stakeholder engagement was started on 17 October 2022 following the Connections Reform Seminar held early October 2022.
- 6148. LH informed the Panel that the stakeholder engagement workshops will be held from 1 to 10 November 2022 and invited Panel members who were interested in getting involved to contact her directly.
- 6149. Following Christmas 2022, the team were looking to writing the Case Change and start implementing after April 2023 with regular communication to industry.
- 6150. The Panel members requested regular updates and LH agreed that periodic updates would be provided at Panel meetings as and when it was deemed appropriate.
- 6151. The Chair invited GS/AG to give an introduction of the concept of Competitively Appointed Transmission Owners (CATO) into STC.
- 6152. GS/AG explained to the Panel the introduction of the CATO concept to enable CATOs to become STC parties and be subject to rights and obligations. The principle ESO was working to, was that CATOs would be treated as TOs, although there may be rare exceptions where it would be necessary to deviate from this principle. The technical policy was that ESO consider these sections would be relatively straightforward, CATOs would follow existing TO obligations.
- 6153. The (CA) TO-TO connections process was that a modification was in development, offering some challenges, e.g. what should respective roles of STC parties (TOs (CA) TOs and ESO be?
- 6154. GS advised that regarding user connections obligations (Feb/March 2023) there were commercial challenges on obligations placed on CATOs regarding further investment. This modification was scheduled for submission in February/March 2023.

Date of next meeting

- 6155. The next STC Panel meeting will be held on **Wednesday 14 December 2022**
- 6156. New Modification Proposal date **Tuesday 29 November 2022**
- 6157. Panel papers day **Tuesday 06 December 2022**