

## CM090 Modification Fast Track Report

# CM090: Housekeeping changes to simplify FSO transition

**Overview:** This modification makes minor housekeeping changes to the STC which will make a future change to implement transition to an independent Future System Operator much simpler.

### Modification process & timetable



**Status summary:** The Panel will determine whether or not to vote in favour of the implementation of CM090 as a STC Modification Fast Track Proposal.

**This modification is expected to have a:** **Low impact**

This modification by itself changes no obligations on any parties and is simply a change in drafting style.

**Governance route** Fast-track Self-Governance modification

**Who can I talk to about the change?**

**Proposer:**

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## Executive summary

**Panel determination:** The Panel will determine whether or not to vote in favour of the implementation of CM090 as a STC Modification Fast Track Proposal.

**Implementation date:** 25 April 2023

## What is the issue?

The Energy Bill that is currently progressing through parliament proposes to establish a Future System Operator (known in the Bill as the Independent System Operator and Planner or ISOP), an independent, first of a kind body, acting as a trusted voice at the heart of the energy sector. To do this will mean establishing the FSO as a new public body rather than the existing arrangements in which the Electricity System Operator licensed role is fulfilled by the National Grid Electricity System Operator Limited (NGESO). To facilitate this change will require amendments to all of the industry codes; many of these changes will be institutional in nature (updating names and references) but some may be related to new roles for the FSO.

## Why change?

To maintain functionality of the codes will require changes to reference the new FSO company as the holder of the licence for electricity system operation once the name of this business is known and the licence(s) required for the FSO's licensed activities are granted.

In the interim, this proposal is for minor housekeeping changes to the STC to make the FSO transition simpler to implement when required. While these changes do not by themselves change the obligations on any STC parties, carrying them out now achieves the vast majority of the amendments required for the FSO transition by simply adopting a different style of referencing in the code. It will help to smooth transition, limit what would otherwise be a very high volume of work in implementing changes and will greatly aid baselining issues that will otherwise be encountered.

## What is the solution?

### Proposer's solution

It is proposed to change references to NGESO throughout the code to instead refer to 'The Company.' A definition will also be added to set out that at present 'The Company' means the National Grid Electricity System Operator Limited. This will make the institutional change required to facilitate a future transition to the FSO in the code much simpler as the majority of this can then be realised through a simple further amendment to this definition of 'The Company' to then refer to the new name for the FSO when this is determined

## Legal Text

The legal text for this change can be found in Annex 2.

## What is the impact of this change?

## Proposer’s assessment against Code Objectives

| 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  | <b>Neutral</b>   |
| (b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission  | <b>Neutral</b>   |
| (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    | <b>Neutral</b>   |
| (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 | <b>Neutral</b>   |
| (e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC   | <b>Positive</b><br>This housekeeping change will improve the efficiency of future modifications to achieve implementation of the FSO |
| (f) facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;          | <b>Neutral</b>   |
| (g) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.   | <b>Neutral</b>   |

| 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                                      | <b>Neutral</b>    |
| Lower bills than would otherwise be the case                                       | <b>Neutral</b>    |
| Benefits for society as a whole  | <b>Positive</b>   |

|                              |  |
|------------------------------|--|
|                              | Set-up of the FSO is predicated upon societal benefit by helping to enable net zero and enhancing consumer value; this change will help to improve the efficiency of adoption of the FSO in the STC. |
| Reduced environmental damage | <b>Neutral</b>   |
| Improved quality of service  | <b>Neutral</b>   |

### **Panel determination vote**

The Panel will meet on the 29 March 2023 to carry out their determination vote.

They assessed whether a change should be made to the STC by assessing the proposed change and any alternatives against to the Fast Track Self Governance Criteria.

Where an amendment can reasonably be considered to simply reflect a matter of a fact and a housekeeping STC Modification is required as a result of some error or factual change, the STC Modification may proceed using this Fast Track Self Governance Process. Examples of such amendments include;

- Updating names or addresses listed in the STC;
- Correcting minor typographical errors;
- Correcting formatting and consistency errors; and
- Updating out of date references to documents or paragraphs.

| <b>Panel Member</b>         | <b>Role</b>                               | <b>Does CM090 meet the Fast Track Self Governance Criteria?</b> |
|-----------------------------|---|---|
| Jamie Webb                  | National Grid Electricity System Operator |   |
| Joel Matthews               | Offshore Transmission Owner (OFTO)        |   |
| Martin Cammidge             | Scottish Power Transmission plc.          |   |
| Michelle MacDonald Sandison | Scottish Hydro Electric Transmission plc. |   |
| Richard Woodward            | National Grid Electricity Transmission    |   |

**When will this change take place?**

**Implementation date**

April 2023

**Date decision required by**

April 2023

**Implementation approach**

Note that an aligned modification proposal PM0130 has been raised to make similar changes to all STCPs.

**Interactions**

- Grid Code
- European Network Codes
- BSC T&Cs<sup>1</sup>
- EBR Article 18
- STC modifications
- SQSS
- Other

None identified at this moment, future mods related to the Future System Operator will be raised as and when required.

**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                  |
| STC                | System Operator Transmission Owner Code            |
| STCP               | System Operator Transmission Owner Code Procedures |
| SQSS               | Security and Quality of Supply Standards           |
| T&Cs               | Terms and Conditions                               |

**Reference material**

- Grid Code modification GC0115:  
<https://www.nationalgrideso.com/codes/grid-code/modifications/gc0115-legal-separation-housekeeping-nget-company>

**Annexes**

| Annex   | Information   |
|---------|---------------|
| Annex 1 | Proposal form |
| Annex 2 | Legal Text    |

<sup>1</sup> If the modification has an impact on Article 18 T&Cs, it will need to follow the process set out in Article 18 of the Electricity Balancing Regulation (EBR – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.