

STC Modification Proposal Form

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 Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.

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.

Proposer's recommendation of governance route	Fast-track Self-Governance modification	
Who can I talk to about the change?	<p>Proposer: Rob Wilson Robert.Wilson2@nationalgrideso.com 07799656402</p>	<p>Code Administrator Contact: Milly Lewis Milly.Lewis@nationalgrideso.com 07811036380</p>

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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 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.

The 'The Company' definition can also be used in the STC Procedures by carrying out a similar substitution ahead of the FSO transition as set out in the accompanying modification PM0130.

Note that this use of 'The Company' defined term is identical to the long-standing treatment in the CUSC and that adopted in the Grid Code during the legal separation of NGESO from National Grid as part of a housekeeping modification made to the Grid Code prior to the actual implementation of legal separation, GC0115, which took place in 2019. During legal separation this approach was not adopted in the STC or STCPs as a minimum change approach was instead used to only change, where relevant, references to NGET (National Grid Electricity Transmission) to NGESO.

An initial discussion at the February 2023 STC panel meeting was positively received by panel members although they did note that familiarity with the term 'The Company' could be more of a concern in the STCPs since these are used as working documents. An amendment was made to the proposed text in the STCPs to mitigate this risk as explained in more detail in PM0130, although it was noted that a change of name to

implement the FSO is unavoidable and that use of ‘The Company’ has already been established in the CUSC and Grid Code without adverse effects.

Draft legal text

Attached. There are a total of roughly 1226 substitutions of ‘The Company’ for NGESO required throughout the code plus a new/amended defined term of ‘The Company’ meaning, at present, NGESO. The sections of code and schedules included are detailed in the tables presented in appendix A.

These tables also note, for information, the documents in which very limited further changes will be required as part of the FSO implementation. These changes are to incorporate the new name of the FSO, when this is determined, in the definition of ‘The Company’ in section J and in the proformas for agreements in schedules 1 and 9, and to update references to licences and specific licence obligations in sections B, C, D and J. In addition, changes to refer to the FSO are likely in section I of the code which details historic transitional arrangements due to BETTA and the legal separation of NGESO from NGET but will depend on how these transitional arrangements continue to be licensed.

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
(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
(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 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;	Neutral

(g) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.	Neutral
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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	Neutral
Benefits for society as a whole	Positive 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	Neutral
Improved quality of service	Neutral

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.

Proposer’s justification for governance route

Governance route: Fast-track Self-Governance modification

This modification changes no obligations on any parties and is purely housekeeping in nature while enabling a smoother eventual transition to the FSO.

Interactions

- | | | | |
|--|---|--------------------------------|-------------------------------|
| <input type="checkbox"/> Grid Code | <input type="checkbox"/> BSC | <input type="checkbox"/> CUSC | <input type="checkbox"/> SQSS |
| <input type="checkbox"/> European
Network Codes | <input type="checkbox"/> Other
modifications | <input type="checkbox"/> 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

Reference material

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

Appendix A: STC Section and Schedule List – with change requirements

Section	Title	Included in housekeeping mod	Further change reqd for FSO	Detail of further FSO change
A	APPLICABILITY OF SECTIONS AND CODE STRUCTURE	No	No	
B	GOVERNANCE	Yes	Yes	Update licence references
C	TRANSMISSION SERVICES AND OPERATIONS	Yes	Yes	Update licence references
D	PLANNING CO-ORDINATION	Yes	Yes	Update licence references
E	BILLING AND PAYMENT	Yes	No	
F	COMMUNICATIONS AND DATA	Yes	No	
G	GENERAL PROVISIONS	Yes	No	
H	DISPUTES	Yes	No	
I	TRANSITION	No	TBC	Depends on licence treatment; probably update to refer to FSO
J	INTERPRETATION AND DEFINITIONS	Yes	Yes	Update licence references, amend definition of 'The Company' to refer to the FSO
K	TECHNICAL, DESIGN AND OPERATIONAL CRITERIA AND PERFORMANCE REQUIREMENTS FOR OFFSHORE TRANSMISSION SYSTEMS	Yes	No	

Schedule	Title	Included in housekeeping mod	Further change reqd for FSO	Detail of further FSO change
1	THE SYSTEM OPERATOR - TRANSMISSION OWNER CODE ACCESSION AGREEMENT	Yes	Yes	Update titles and signature line in proforma
2	LIST OF CODE PROCEDURES	No	No	
3	INFORMATION AND DATA EXCHANGE SPECIFICATION	Yes	No	
4	Criteria for Assessing Those Transmission Systems Affected by a Construction Project (boundaries of influence)	No	No	
5	NGESO THE COMPANY CONNECTION APPLICATIONS	Yes	No	
6	NGESO THE COMPANY MODIFICATION APPLICATIONS	Yes	No	
7	SYSTEM CONSTRUCTION APPLICATIONS	Yes	No	
8	TO CONSTRUCTION OFFER	Yes	No	
9	TO CONSTRUCTION TERMS	Yes	Yes	Update titles and signature line in proforma
10	CHARGES	Yes	No	

11	NGESO THE COMPANY TEC EXCHANGE RATE APPLICATIONS	Yes	No	
12	Transmission Owner TEC EXCHANGE RATES	Yes	No	
13	NGESO THE COMPANY REQUESTS FOR STATEMENTS OF WORKS	Yes	No	
14	-	-	-	
15	TRANSMISSION INTERFACE AGREEMENT	No	No	
A	List of parties	No	No	