

Code Administrator Consultation Response Proforma**CM079: Consideration of STC/STCP changes in relation to CMP330/374**

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to stcteam@nationalgrideso.com by **5pm** on **25 October 2023**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact Elana Byrne at elana.byrne@nationalgrideso.com or stcteam@nationalgrideso.com.

Respondent details	Please enter your details	
Respondent name:	Greg Stevenson (SHET), Gareth Williams (SP Transmission)	
Company name:	Scottish Hydro Electric Transmission plc (SHET); SP Transmission PLC	
Email address:	Greg.Stevenson@sse.com	
Phone number:	07467397988	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input checked="" type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

I wish my response to be:

(Please mark the relevant box)

☒ Non-Confidential☐ Confidential

Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

For reference the Applicable STC Objectives are:

- efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act*
- development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission*
- facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity*
- 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.*
- 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.*

Please express your views in the right-hand side of the table below, including your rationale.

Standard Code Administrator Consultation questions		
1	Please provide your assessment for the proposed solution(s) against the Applicable Objectives?	Mark the Objectives which you believe the proposed solution(s) better facilitates:
		Original <input checked="" type="checkbox"/> a) <input type="checkbox"/> b) <input type="checkbox"/> c) <input type="checkbox"/> d) <input type="checkbox"/> e) <input type="checkbox"/> f) <input type="checkbox"/> g)
		<p>Please note that this response is a joint response on behalf of SHET and SPT.</p> <p>CM079 is a consequential modification to the SO:TO Code following the proposed changes to the CUSC under CMP330/374/414. This response is focussed on the changes to the SO:TO Code under CM079, however we reiterate our response to the CUSC Code Administrator Consultation that, in its current form, the CUSC modification proposal creates substantial risk and uncertainty that significantly outweigh the potential benefits, whilst noting the lack of any CBA or Impact Assessment. These risks include safety concerns where multiple parties are responsible for complex transmission assets; inefficient network outcomes driven by a piecemeal approach to network design; and insufficient consideration of the regulatory and price control impacts on Transmission Owners. Whilst we do not believe that CMP330/374/414 represents a positive outcome for consumers, we are supportive of the changes proposed as part of CM079, which are required to ensure consistency within the Codes, should the CUSC modification proceed.</p> <p>Objective A – Positive - Overall we are supportive of this proposed consequential modification as it is required to efficiently implement the changes required in the STC to contestability, if the proposed CUSC mods CMP330/374 & CMP414 are approved. This should, if implemented, provide Onshore Transmission Owners and connectees with defined processes and procedures to follow for the extension of contestable applications.</p>

		<p>Objective B – Negative - This modification should help to ensure the TO to ESO contestable process is as efficient as possible due to the relevant changes to the STC & subsequent STCP's. However, we don't believe that the overall package of modifications will improve efficiency and coordination or that it will prove more economical.</p> <p>This package increases customer risk due to allowing new parties to build more complex assets as well as sole use enabling infrastructure. The CUSC modifications have been proposed without a credible cost benefit analysis being carried out which is a cause for concern as suggested benefits to consumers are not wholly accurate.</p> <p>Objective C – Neutral - This modification is not facilitating competition as it is only codifying the new processes proposed under the CUSC modifications.</p> <p>Objective D – Neutral – We believe the proposed STC changes are neutral. However, focussing on the full package of modifications, the CUSC proposals do threaten security and supply of the NETS as Users may choose to build assets, infrastructure, etc, that they have little experience in building. There can be no room for trial and error with critical national infrastructure.</p> <p>Objective E – Negative - We believe that the full package solution will have a negative effect against this objective. We covered this briefly in our WG Consultation response, but these changes are complicating relationships between all parties involved in connecting to the NETS.</p> <p>Objectives F & G – Neutral</p>
2	Do you have a preferred proposed solution?	<p><input checked="" type="checkbox"/>Original</p> <p><input type="checkbox"/>Baseline</p> <p><input type="checkbox"/>No preference</p>
		<p>We prefer the Original over the Baseline as these changes are required to the STC & STCPs in line with the CUSC modifications, only if they are approved.</p>

3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No, we do not support the proposed implementation approach until discussions between the TOs, ESO & Ofgem have taken place to alleviate our concerns around the impact on the Price Control before a decision on the modifications is made.
4	Do you have any other comments?	<p>To expand on the above, we acknowledge the urgent need for discussions with Ofgem to cover the regulatory issues of this modification.</p> <p>There cannot be any ambiguity around intervention costs for TOs should a User fall away or does not build the asset(s) to our agreed standard.</p> <p>As extending contestability may risk the increase of TO interventions there needs to be defined processes for TO's to recover these costs through changes terms of changes to our Price Control and Licence provisions. In instances where the User has not built the contestable asset to the TOs standard, TOs will be incurring greater costs to rectify the problem to ensure stability of the network.</p> <p>Further to this, where a User falls away and does not complete construction of the contestable works the TO will need to spend a considerable amount of money and resource to rectify this, again, to ensure stability of the network.</p> <p>In these circumstances TOs cannot incur regulatory financial penalties caused by delays through no fault of their own.</p> <p>There must be a flexible process for cost recovery as well as non-liability for regulatory penalties.</p>