



## **STC Panel**

**Wednesday 28 February 2024**

**Online Meeting via Teams**

# WELCOME



# Approval of Panel Minutes

Approval of Panel Minutes from the Meeting held

31 January 2024



# Action Log



# Authority Decisions and Update



## Decisions Pending

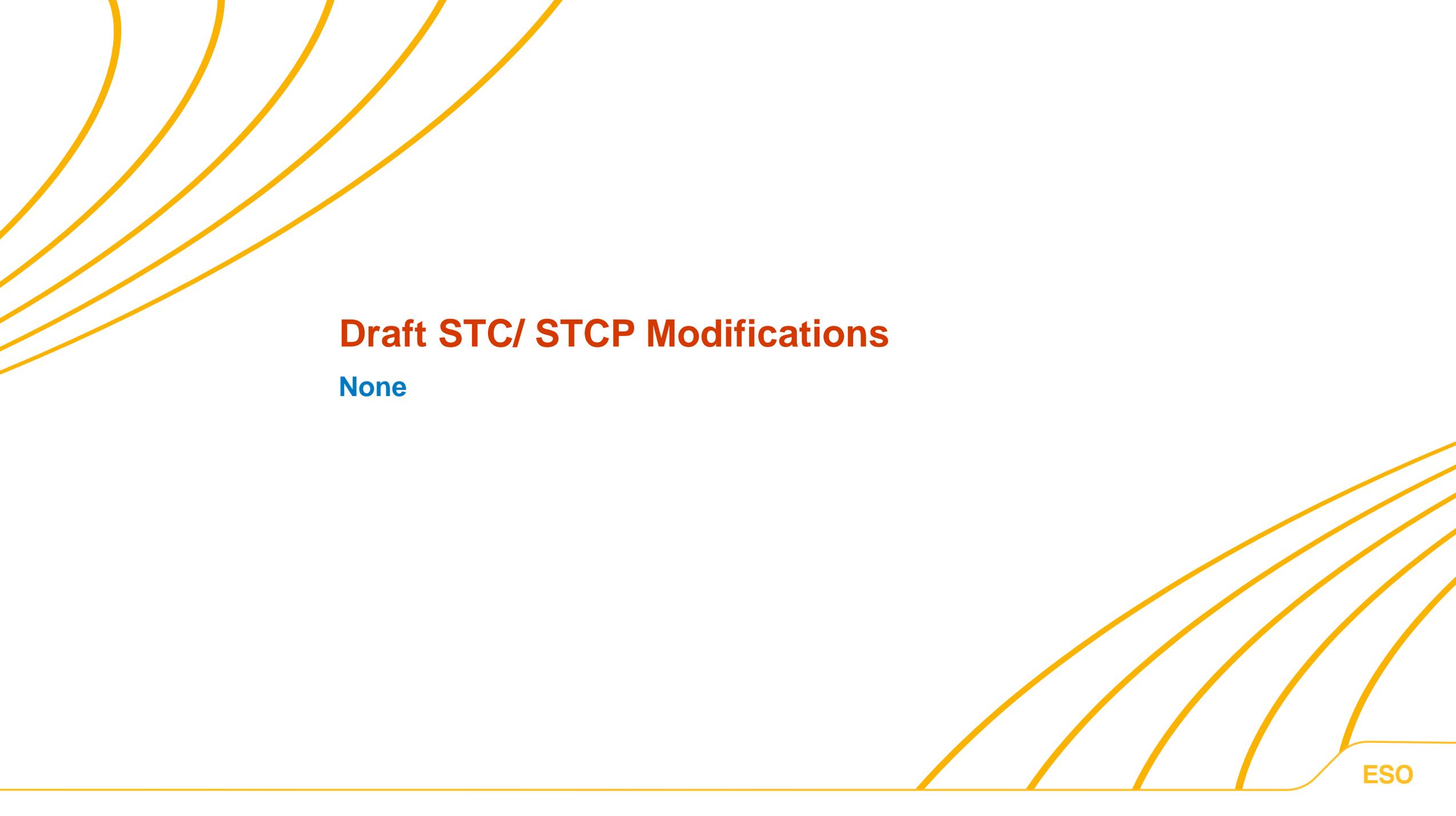
| Modification  | Final Modification Report Received | Expected Decision Date |
|---|------------------------------------|------------------------|
| <a href="#">CM079</a> - Consideration of STC/STCP changes in relation to CMP330/374 | 11 December 2023                   | 08 May 2024            |

The Authority's publication on decisions can be found on their website below:

<https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>

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# Draft STC/ STCP Modifications

None

# New modifications submitted

## STCPs

PM0124 – Enduring Expansion Constant & Expansion  
Review – Consequential Modification to  
CMP315/CMP375



# STCP Governance

If a change is developed which has the potential to materially amend an existing STCP the proposer is obligated to seek Panel's views on materiality before proceeding.

When considering the proposed changes to the STCPs, the 1<sup>st</sup> ask on voting members is whether you agree that the change is material.

- If not, then approved/rejected as has been done in the past;
- If material, then the proposer of the change would need to seek Ofgem's written approval to proceed, and to clarify who should approve the change.

Ofgem can then decide either:

- It is acceptable for the Panel to approve/reject the STCP changes (as has been done in the past; or
- They will make the decision themselves.



# CMP315 and CMP375: Enduring Expansion Constant & Expansion Factor Review STCP Consequential Modification – PM0124

28 February 2024

David Halford, NGESO

# Overview of CMP315 & 375 Modifications

## What is the issue?

- As approved under CMP353, the CUSC currently specifies that the Expansion Constant (EC) and associated generic onshore Expansion Factors (EF) are 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 is a risk that the charging methodology will 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)**, seek 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).
- CMP315 differs from CMP375 in seeking also to take account of the cost of new non-circuit TO build items.
- CMP375 WACM2 differs in using circuit lengths (but not costs) from TO business plan data, and annual updates to the same where available. The lengths are summed for a given asset class, e.g. 400 kV lines, but split between new circuit investments vs reinforcements/reconductoring.
- This proposal will have a high potential impact on all Users who pay TNUoS charges, ESO and Onshore Transmission Owners.

## How is the modification being managed?

- CMP315 & 375 are being progressed together as a Standard Governance with the Final Modification Report presented to The Authority on the 7<sup>th</sup> February 2024.
- **Consequential changes to STC Procedures 14-1 will be required to facilitate these proposals.**

# CUSC Modification Progress and STCP Impacts

- The Workgroup Consultation has been completed with the Workgroup agreeing the options which will go forward into the Workgroup Report and ultimately to the Authority for determination:
  - CMP315 – Original Proposal
  - CMP375 – Original Proposal
  - CMP375 – Alternative (WACM2)
- Each option will require the Onshore TOs to provide alternative data to that which is currently supplied to the ESO to enable the calculation of the Expansion Constant and Expansion Factors as used in the Transport Model to calculate TNUoS tariffs.
- These data items will need to be provided to the ESO upon approval of the CUSC Modification (10-year historic basis), and then on a yearly basis (new data from the previous year). Whereas under baseline, TOs each give only generic average cost data per asset class (for example, 400 kV OHLs), adjusted to remove various costs like canal and railway crossings, the new approach involves the provision of unadjusted costs per investment.
- The Final Modification Report was presented to Ofgem on the 7<sup>th</sup> February, with implementation potentially taking place from the April 2025 charging year, if approved, and if approval is to a suitable timeframe for that.

## Impacts on existing STCPs

- The current STCP14-1 will require amendments to current Expansion Constant requirements with respect to details of the provision of data from the TOs.
- **The request is that the presented STCPs are approved in principle on the basis that once the “In-Flight” CUSC modification has concluded, if approved, the relevant version of STCP14-1 will be implemented alongside the CUSC solution.**

# **PM0124 Enduring Expansion Constant & Expansion Review – Consequential Modification to CMP315/CMP375 – the asks of Panel**

- **AGREE** that the materiality of the STCP change
- **AGREE** the implementation next steps
- **NOTE** that Implementation Date will be 13 March 2024 if Panel agree to implement this change.

# Inflight Modifications

PM0126 – Transmission Impact Assessment Process

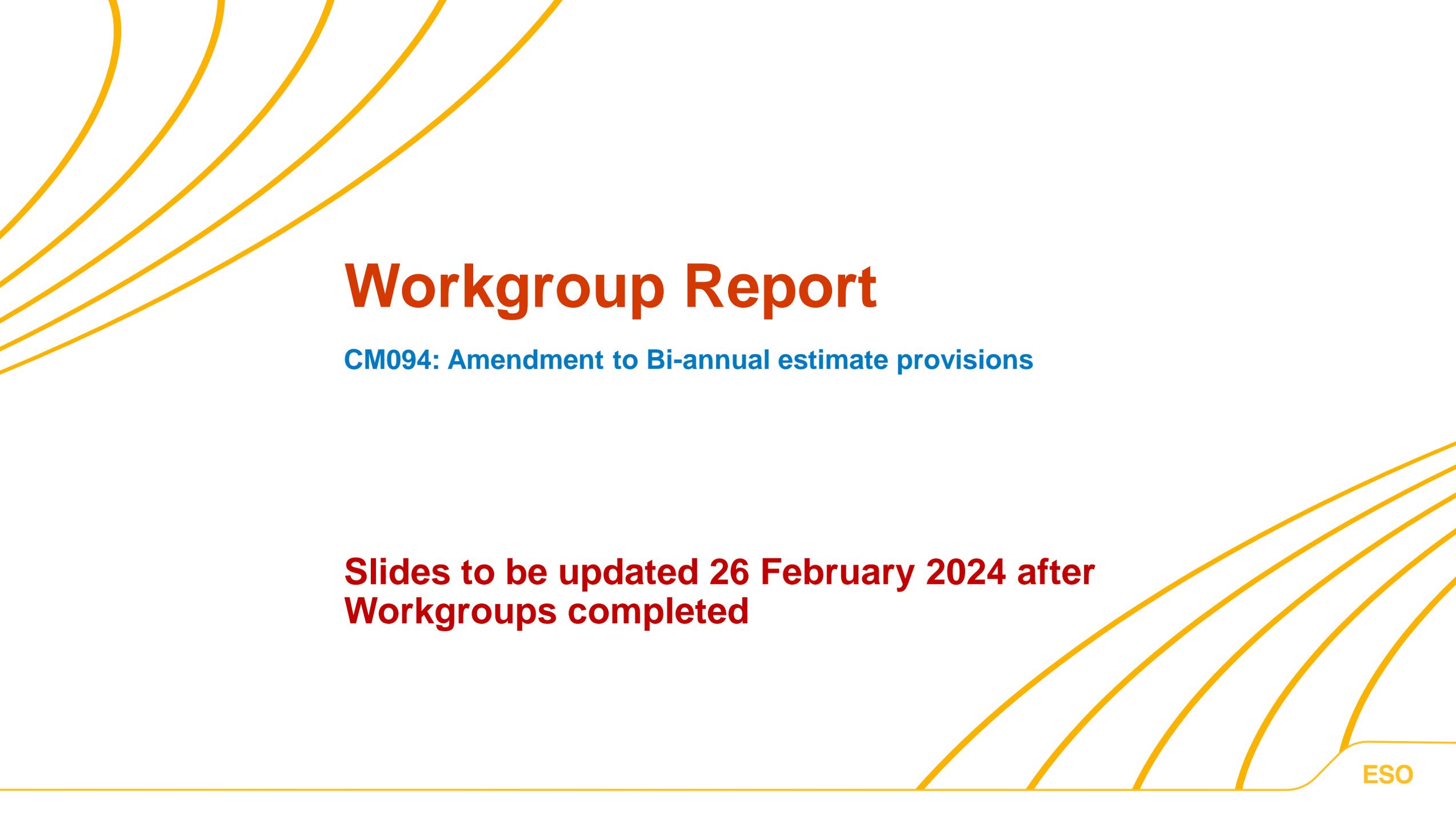
PM0137 – Queue Management Co-ordination Procedure

# PM0126 – the asks of Panel

- **AGREE** no further discussions are necessary and implementation can proceed.
- **NOTE** that Implementation Date will be 8 March 2024 if Panel agree to implement this change.

# PM0137 – the asks of Panel

- **AGREE** no further discussions are necessary and implementation can proceed.
- **NOTE** that Implementation Date will be 14 March 2024 if Panel agree to implement this change.



# Workgroup Report

CM094: Amendment to Bi-annual estimate provisions

**Slides to be updated 26 February 2024 after  
Workgroups completed**

# **Solution(s) and Workgroup Vote**

## **Solution/summary of solutions:**

- [summarise the solutions that have been formed by the Workgroup]

## **Summary of Workgroup Vote:**

- [Outcome of workgroup vote]

# Terms of Reference

The Workgroup conclude that they have met their Terms of Reference and the references can be located below:

| Workgroup Term of Reference | Location in Workgroup Report |
|-----------------------------|------------------------------|
|                             |                              |
|                             |                              |
|                             |                              |
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# CM094 – the asks of Panel

- **AGREE** that the Workgroup have met their Terms of Reference
- **AGREE** that this Modification can proceed to Code Administrator Consultation
- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions.
- **NOTE** the ongoing timeline

# Draft Final Modification Reports

**CM085 – To Clarify OFTO reactive power requirements at <20% output**

**CM086 - Introducing Connections Process to facilitate Competitively Appointed Transmission Providers**

**CM087 – Introducing Connections Process to facilitate Competitively Appointed Transmission Owners**

# 2<sup>nd</sup> Draft Final Modification Report (send back)

CM085 – To Clarify OFTO reactive power requirements at  
<20% output

Deborah Spencer

# Solution(s)

## **Solution/summary of solutions:**

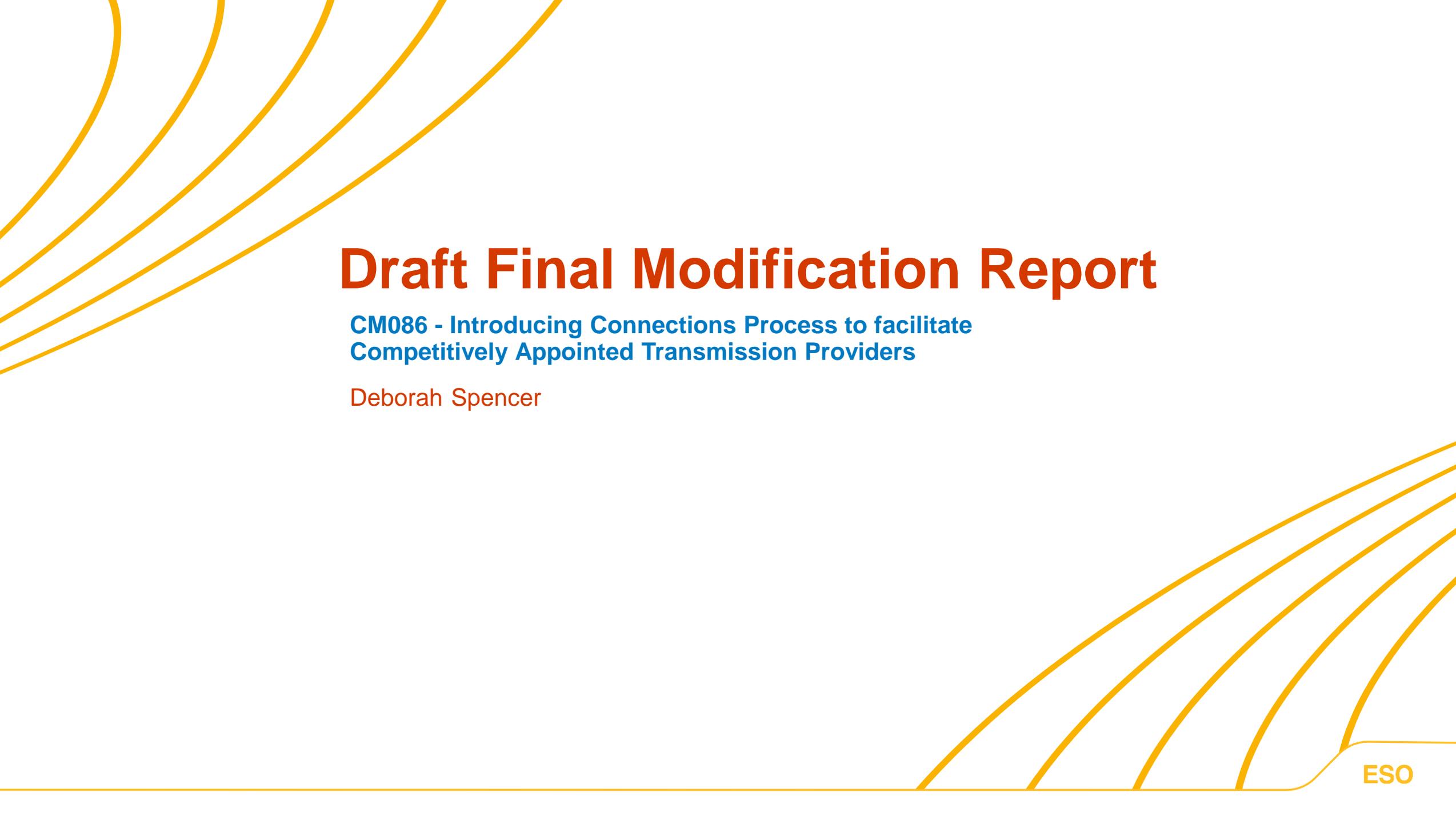
- This modification seeks to clarify that where reactive capability is available at low windfarm outputs, access to this by the ESO should be provided by the OFTOs.
- Following a send back from the Authority on 31 March 2023, STC Panel agreed at STC Panel on 26 April 2023, that Workgroups would be needed to address points raised in the Ofgem Letter and return to STC Panel for a recommendation vote.
- Workgroup members met to address the new Terms of Reference raised as a result of the send back letter. Discussions are detailed in the 2<sup>nd</sup> Draft Modification Report.

# CM085 - the asks of Panel

- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions.
- **VOTE** whether or not to recommend implementation

# CM085 – Next Steps

| Milestone  | Date                             |
|--|----------------------------------|
| Draft Final Modification Report presented to Panel   | 28 February 2024                 |
| Final Modification Report issued to Panel to check votes recorded correctly (5 working days) | 29 February 2024 – 06 March 2024 |
| Submission of Final Modification Report to Ofgem   | 07 March 2024                    |
| Ofgem decision date  | TBC                              |
| Implementation Date  | 10 days after Authority decision |



# Draft Final Modification Report

**CM086 - Introducing Connections Process to facilitate  
Competitively Appointed Transmission Providers**

Deborah Spencer

# Solution(s)

## Solution/summary of solutions:

- The objective of CM086 is to introduce the concept of CATO throughout the STC, in addition to other consequential changes. This modification is the first of two proposed modifications to the STC as part of the work being done to implement Onshore Network Competition.

# Code Administrator Consultation Responses

## Summary of Code Administrator Consultation Responses :

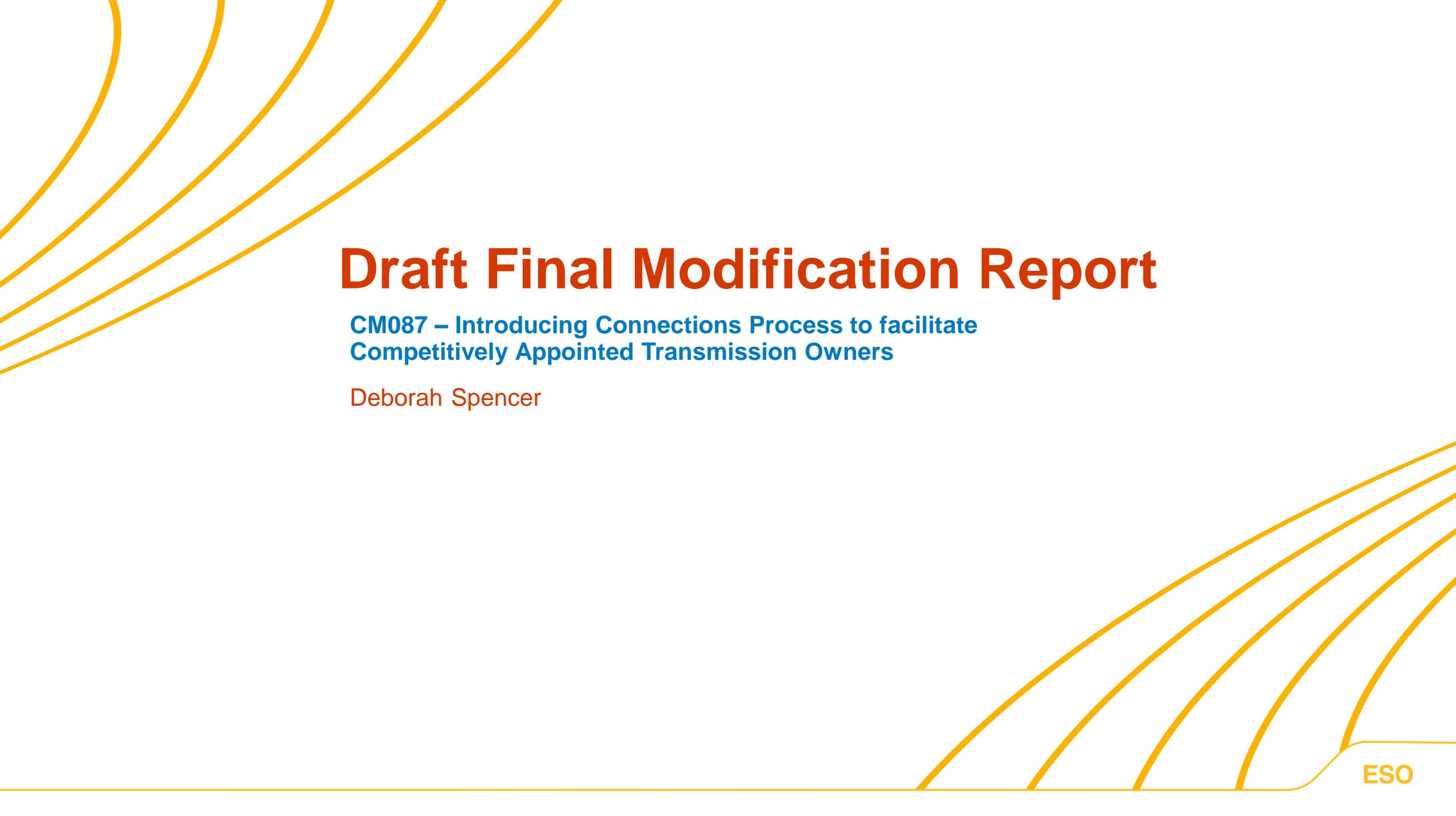
- Code Administrator Consultation was run from 05 June 2023 to 05 July 2023 and received 1 non-confidential response and no confidential responses. Key points were:
  - Respondent Supported the proposed implementation approach, provided that the modification is submitted for decision after the enabling legislation has been enacted.
  - Agreed that the Original Proposal better facilitated Applicable Objective (a), however did not believe that the Original Proposal better facilitated the other Applicable Objectives, due to increased risk and complexity in operation of the system from introducing a new party into the NETS.
  - Respondent did not support introduction of CATOs due to insufficient evidence of benefits of the CATO concept.
  - No legal text issues identified.

# CM086 - the asks of Panel

- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions.
- **VOTE** whether or not to recommend implementation

# CM086 – Next Steps

| Milestone  | Date                          |
|--|-------------------------------|
| Draft Final Modification Report presented to Panel   | 28 February 2024              |
| Final Modification Report issued to Panel to check votes recorded correctly (5 working days) | 04 March 2024 – 08 March 2024 |
| Submission of Final Modification Report to Ofgem   | 26 March 2024                 |
| Ofgem decision date  | TBC                           |
| Implementation Date  | TBC                           |



# Draft Final Modification Report

**CM087 – Introducing Connections Process to facilitate  
Competitively Appointed Transmission Owners**

Deborah Spencer

# Solution(s)

## **Solution/summary of solutions:**

- Following a series of CM087 Workgroups dating back to January 2023, ESO have developed this CATO-TO Connection proposal which contains the principles instructing the process, and the process itself.

# Code Administrator Consultation Responses

## Summary of Code Administrator Consultation Responses :

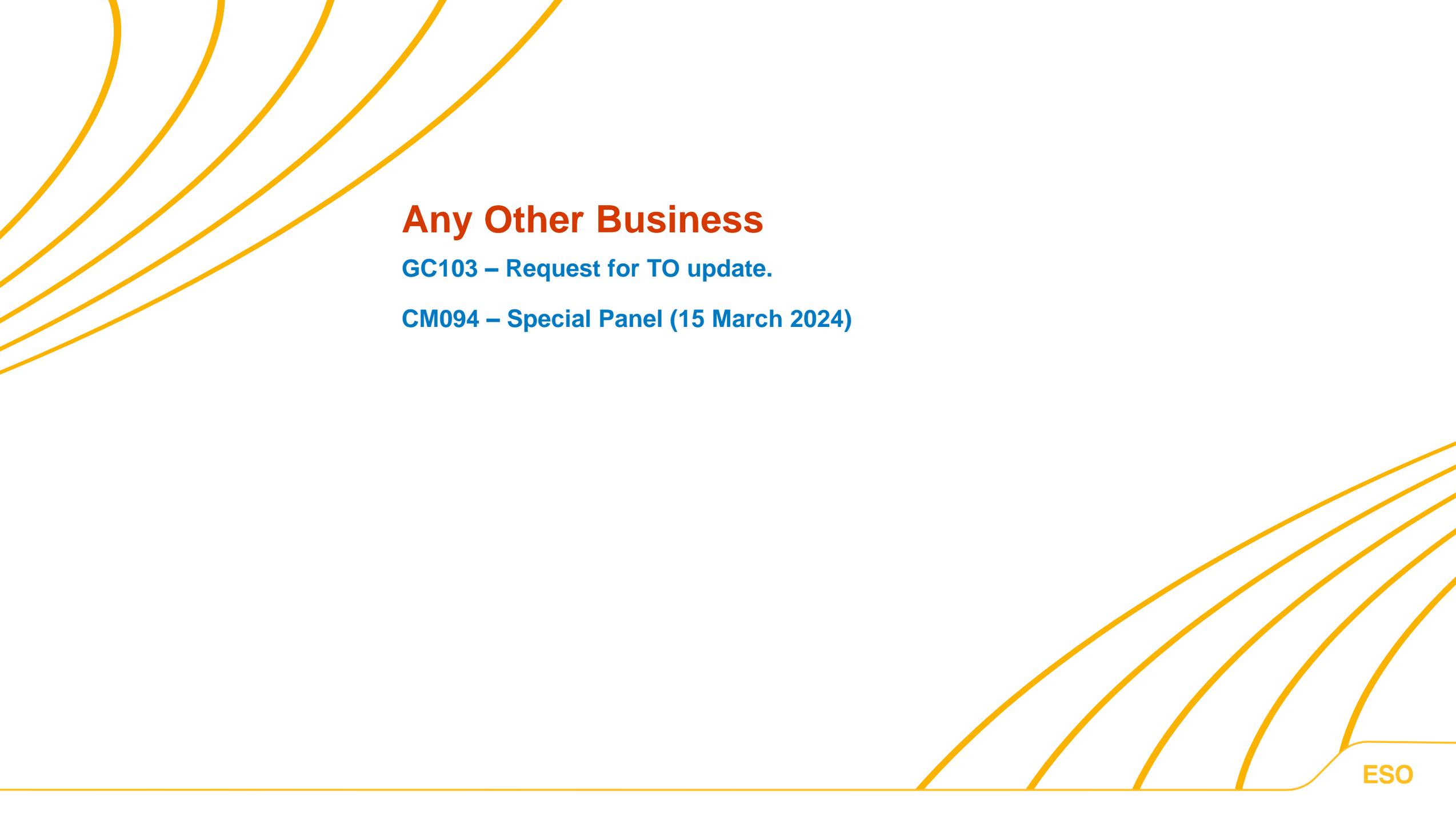
- Code Administrator Consultation was run from 08 January 2024 to 08 February 2024 and received 2 non-confidential responses and no confidential responses. Key points were:
  - One respondent indicated that the Baseline better facilitates objectives (a), (b), (d) and (e) than the Original
  - Both respondents preferred the Original solution over the Baseline.
  - Both respondents indicated that they support the implementation approach. one respondent noted the need to further refine the changes and associated STCPs prior to implementation of CM087.
  - No legal text issues identified.

# CM087 - the asks of Panel

- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions.
- **VOTE** whether or not to recommend implementation

# CM087 – Next Steps

| Milestone  | Date                          |
|--|-------------------------------|
| Draft Final Modification Report presented to Panel   | 28 February 2024              |
| Final Modification Report issued to Panel to check votes recorded correctly (5 working days) | 04 March 2024 – 08 March 2024 |
| Submission of Final Modification Report to Ofgem   | 26 March 2024                 |
| Ofgem decision date  | TBC                           |
| Implementation Date  | TBC                           |



## **Any Other Business**

**GC103 – Request for TO update.**

**CM094 – Special Panel (15 March 2024)**

# Activities ahead of the next Panel Meeting

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|   |                        |
|---|------------------------|
| <b>Modification Proposals to be submitted</b> | 12 March 2024          |
| <b>Papers Day</b>                             | 19 March 2024          |
| <b>Panel Meeting</b>                          | 27 March 2024<br>Teams |

**Close**



**Deborah Spencer**

**STC Panel Chair**