



Deborah Spencer
Chair
STC Panel

Nadir Hafeez
Ofgem
By email

31 January 2024

Dear Nadir

System Operator Transmission Owner Code (STC) Request for Urgency and Recommended Timetable for **CM094: Amendment to Bi-annual estimate provisions**.

On 16 January 2024, Scottish & Southern Electricity Networks (SSEN) raised **CM094**. The Proposer sent a request to the STC Panel Secretary for this modification to be treated as urgent.

CM094 seeks to allow TO's not to pass on costs associated with strategic transmission reinforcements that have received regulatory approval.

All documentation for this modification can be located via the following link:
[CM094 - Amendment to Bi-annual estimate provisions](#)

The STC Panel ("the Panel") on 31 January 2024, considered **CM094** and the associated request for urgency. This letter sets out the views of the Panel on the request for urgent treatment and the procedure and timetable that the Panel recommends.

The Proposer set out their rationale for Urgency against Ofgem's Urgency criteria (a), which is as follows:

a) A significant commercial impact on parties, consumers or other stakeholder(s).

We have issued offers for customers in Orkney/Shetland where the need for a new transmission link to the mainland has gained regulatory approval. All embedded customers must secure against the link resulting in high costs for the many smaller community projects, which make up the majority of the background. Those offers have limited timeline for acceptance, the securities are too onerous for customers to accept. This proposal will remove the unnecessary barrier.

b) A significant impact on the safety and security of the electricity and/or gas systems

N/A

c) A party to be in breach of any relevant legal requirements

N/A

Panel Consideration of the Request for Urgency

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The Panel considered the request for urgency with reference to [Ofgem Guidance on Code Modification Urgency Criteria](#). The majority view of the Panel is that **CM094 does meet** Ofgem's Urgency criteria¹. Therefore, the recommendation of the Panel is that **CM094 should** be treated as an Urgent STC Modification Proposal.

Panel members set out their rationale behind this decision.

The Proposer advised Panel members that currently securities were extremely high, and this was causing a barrier for customers, the intention was not to remove all securities just onerous ones.

Four Panel members agreed that the Proposal should be considered for urgency. A member highlighted that securities for such projects significantly impact small generators making their projects unviable and other members agreed.

A Panel member noted urgency would enable swift conclusion of this potentially beneficial modification for future connections customers, prior to more substantive reforms through CMP417/CM093 and broader Connections Reform.

When asked what would happen if urgency was not granted the Proposer advised, that this would impact the programme of works and have impact to customers as well as the project timeline.

The Panel member who, whilst supportive of the modification, did not support urgency provided the following rationale:

- The Proposal indicated that there is no cross-code impact however there are 2 CUSC modifications in flight, [CMP417: Extending principles of CUSC Section 15 to all Users](#) and [CMP428: User Commitment liabilities for Onshore Transmission circuits in the Holistic Network Design](#) which are making changes in a similar area. These modifications are following standard governance and the STC modification needs to ensure that the solutions align which would be difficult with the accelerated timeline. There is also concern that a CUSC modification may be required to align the change to Attributable Works which may delay the deadline date being achieved.
- The Proposal uses Orkney as an example of facing a charge of £3M in securities under the current regime however during the Panel meeting it was not clear what the securities would be under the new regime

¹ Ofgem's current view is that an urgent modification should be linked to an imminent issue or a current issue that if not urgently addressed may cause:

- a) A significant commercial impact on parties, consumers or other stakeholder(s); or
- b) A significant impact on the safety and security of the electricity and/or gas systems; or
- c) A party to be in breach of any relevant legal requirements.

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which means it is not possible to determine the difference and thus the commercial impact of this change. The modification does not list the number of projects that would be affected by using an urgency timeline compared to standard governance.

- It is not clear if other options are available or have been considered to prevent those with offers between 31 March 2024 and the standard governance date being penalised.
- These issues combined makes it difficult for us to assess whether there is a significant commercial impact that requires the modification to have urgency or whether it should follow standard governance.

Procedure and Timetable

The Panel discussed an appropriate timetable for **CM094** in the instance that urgency is granted.

The Panel agreed that **CM094** subject to Ofgem's decision on Urgency should follow the attached Code Administrator's proposed timetable (Appendix 1 **Urgent recommendation**). In Appendix 2 of this letter, the Code Administrator has also provided the timeline if this follows standard timescales with the assumption that Panel prioritise this high in the prioritisation stack.

Panel noted that if urgency is required, there would be;

- A Workgroup nomination period of less than 15 business days
- A Workgroup Consultation period of less than 15 business days
- Code Administrator Consultation period of less than 15 business days
- There would be less than 5 clear business days between publication of the Draft Final Modification Report and Panel's recommendation; and
- There would be less than 5 clear business days for Panel to check that their Recommendation Vote had been recorded correctly

Under STC Section B 7.2.6.2, we are now consulting the Authority as to whether this Modification is an Urgent STC Modification Proposal.

Please do not hesitate to contact me if you have any questions on this letter or the proposed process and timetable. I look forward to receiving your response

Yours sincerely

D. Spencer

Deborah Spencer
Chair of the STC Panel

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Modification Stage	Date
Modification presented to Panel	31 January 2024
Workgroup Nominations (3 Working Days)	01 February 2024 to 05 February 2024
Ofgem grant Urgency	05 February 2024 (5pm)
Workgroup 1	06 February 2024
Workgroup 2	8 February 2024
Workgroup Consultation (3 Working Days)	9 February 2024 to 13 February 2024
Workgroup 3	19 February 2024
Workgroup 4	21 February 2024
Workgroup report issued to Panel (2 working days)	23 February 2024
Panel sign off that Workgroup Report has met its Terms of Reference	28 February 2024
Code Administrator Consultation (4 working days)	29 February 2024 to 06 March 2024
Draft Final Modification Report issued to Panel (2 working days)	12 March 2024
Urgent Panel undertake DFRM recommendation vote	15 March 2024 (by 12pm)
Final Modification Report issued to Panel to check votes recorded correctly	15 March 2024 (2pm-4pm)
Final Modification Report issued to Authority	15 March 2024 (by 5pm)
Authority Decision	26 March 2024
Date of Implementation	By 28 March 2024

Appendix 2 – Standard Timeline

Modification Stage	Date
Modification presented to Panel	31 January 2024
Workgroup Nominations	02 February 2024 to 23 February 2024
Workgroup 1	06 March 2024
Workgroup 2	03 April 2024
Workgroup Consultation (15 working days)	09 April 2024 to 30 April 2024
Workgroup 4	17 May 2024
Workgroup 5	05 June 2024
Workgroup report issued to Panel	18 June 2024
Panel sign off that Workgroup Report has met its Terms of Reference	26 June 2024
Code Administrator Consultation (15 working days)	28 June 2024 to 19 July 2024
Draft Final Modification Report issued to Panel and Industry	20 August 2024
Draft Final Modification Report presented to Panel / Panel Recommendation Vote	28 August 2024

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Final Modification Report issued to Panel to check votes recorded correctly	30 August 2024 to 06 September 2024
Submit Final Modification Report to Authority	9 September 2024
Authority Decision	TBC
Date of Implementation	10 WD after Authority Decision

Appendix 3 – Panel Urgency Vote

See separate attachment