

STCP Modification Proposal Form

<p>PM0136: Introducing Connections process to facilitate Competitively Appointed Transmission Owners</p> <p>Overview: This modification is being raised to align the STCP Procedures affected by the (P)TO-(CA)TO Connections process as defined in CM087 which facilitates the introduction of Competitively Appointed Transmission Owners (CATOs) to the STC. This will enable Onshore Network Competition for the design, build and ownership of Onshore Transmission assets.</p>	<p>Modification process & timetable</p> <div style="border: 1px solid black; padding: 5px;"> <p>1 Initial STCP Proposal 24 May 2024</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p>2 Approved STCP Proposal 26 June 2024</p> </div> <div style="border: 1px solid black; padding: 5px;"> <p>3 Implementation TBC</p> </div>
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Status summary: The Proposer has raised a modification and is seeking a decision from the Panel on whether the modification should be implemented.

This modification is expected to have a: Medium impact

Through the introduction of CATO arrangements, CATOs will become additional TOs whose assets will add to the NETS. CATOs will work alongside the ESO and PTOs.

<p>Proposer’s assessment of materiality</p>	<p>Material change as this modification not only seeks to introduce the concept of Competitively Appointed Transmission Owners (CATOs) but also introduces new Procedures to facilitate the PTO-CATO Connections Process.</p>	
<p>Who can I talk to about the change?</p>	<p>Proposer: Alana Collis & Stephen Baker alana.collis-dugmore@nationalgrideso.com / Stephen.Baker@nationalgrideso.com 07843 804628 / 07929 724347</p>	<p>Code Administrator Contact: Elana Byrne Elana.byrne@nationalgrideso.com 07749 576706</p>

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What is the issue?

The concept of CATOs develops from network re-enforcement which arises from the Network Planning, Network Options Assessment (NOA), Holistic Network Design (HND), Transitional Central Strategic Network Plan (TCSNP) and in the future Central Strategic Network Plan (CSNP)). ESO believe that consideration should be given to what the appropriate connections process should be with respect of CATOs connecting to the National Electricity Transmission System.

Why change?

Introducing the concept of CATOs to the relevant industry codes ensures the safe, secure and coordinated operation of the Transmission System by establishing both the obligations on CATOs and those entities interacting with CATO assets and CATOs themselves. The first phase of the Early Competition procurement process (the pre-tender) is set to commence in 2024, necessitating that the proposed modifications be raised and progressed in line with the Code Administrator proposed timetable.

Following the completion of a competitive tender, a CATO will be awarded a Transmission Licence and categorised as an Onshore Transmission Owner.

What is the proposer’s solution?

The objective of this modification is to make consequential changes and additions to Procedures resulting from [CM087](#), which determines a process for establishing the Pre-existing Transmission Owner (PTO) - CATO Interface.

This is the second of two proposed modifications to the STCPs as part of the work being carried out to implement Onshore Network Competition. The first modification seeks to introduce clerical changes to introduce the concept of CATO throughout the STC and STCPs.

The changes listed below, which are non-exhaustive, are made on the assumption that a CATO will be granted a Transmission Licence and will be categorised as an Onshore Transmission Owner.

The list below covers the proposed high-level changes.

Legal text

Legal text changes details are attached in Annex 1

Clerical changes and additions to the suite of STCPs to refer to the PTO- CATO Connection process are being made as part of the work to introduce the concept of CATO.

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	Positive The proposed modification ensures that commercial and technical obligations of

	CATOs, as transmission licensees to connect to the NETS are clearly established.
(b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission	Positive
(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	Positive The proposed modification facilitates introduction of Competitively Appointed Transmission assets deemed necessary for required expansion and reinforcement of the NETS. Network Competition will introduce CATOs as part of the NETS through a Competitive procurement process.
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	Positive The CATO-PTO Connection Process as agreed will ensure appropriate Standards are followed.
(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC	Neutral
(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

Proposer’s assessment against the STCP change requirements ¹	Proposer’s assessment
(a) the amendment or addition does not impair, frustrate or invalidate the provisions of the Code	Requirement met

¹ STCP changes may only be made if they meet the requirements in Section B, 7.3.2

(b) the amendment or addition does not impose new obligations or liabilities or restrictions of a material nature on Relevant Parties which are not subsidiary to the rights and obligations of the Relevant Parties under the Code	Requirement met
(c) the amendment or addition is not inconsistent or in conflict with the Code, Transmission Licence Conditions or other relevant statutory requirements	Requirement met
(d) the Relevant Party Representatives deem that the amendment or addition is appropriate to support compliance with the Code	Requirement met

When will this change take place?

Implementation date

Quarter 4 (October-December) 2024

Implementation approach

This modification contains Material changes and has been submitted to Ofgem for review.

Interactions

- Grid Code BSC CUSC SQSS
- European Other Other
- Network Codes modifications

The proposed code changes form part of the package of work to establish the frameworks for competition in onshore electricity networks, which has a key role to play in improving efficiency in network investment and driving innovative solutions to network needs, helping us meet our decarbonisation targets at the lowest cost to consumers.

Introducing the concept of CATO into the relevant industry codes establishes the obligations of CATOs and those entities interacting with the CATO assets, ensuring the safe, secure, and coordinated operation of the System.

Grid Code, STC, CUSC and SQSS modifications have been raised. Initial engagement with Elexon indicated no consequential changes to BSC but engagement ongoing to ensure any potential changes are identified.

Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
CATO	Competitively Appointed Transmission Owner
CTISS	CATO Transmission Interface Site
CUSC	Connection and Use of System Code
GIDFS	Grid Interface Data File Structure
CSNP	Central Strategic Network Plan
HND	Holistic Network Design
NETS	National Electricity Transmission System
NOA	Network Options Assessment
PM	Procedure Modification
PTO	Pre-existing Transmission owner
STC	System Operator Transmission Owner Code
STCP	System Operator Transmission Owner Code Procedure
SQSS	Security and Quality of Supply Standards
TCSNP	Transitional Central Strategic Network Plan
TO	Transmission Owner

Reference material

- [BEIS Guidance Note: Energy Security Bill factsheet: Competition in onshore electricity networks](#)
- [Early Competition Implementation - update \(February 2024\)](#)

- [Ofgem's Decision on the development of early competition in onshore electricity transmission networks sets out the model of early competition and criteria for network project eligibility to be competed \(2022\)](#)
- [Energy Act 2023](#)

Annex	Information
Annex 1	Legal text