

STC Panel Minutes

STC Modification Panel Minutes: Meeting Number 225

Date: 29/05/2024 **Location:** Microsoft Teams Meeting
Start: 10:00am **End:** 11:05

Participants

Attendee	Initials	Company
Deborah Spencer	DS	Chair, Code Administrator, National Grid Electricity System Operator (NGESO)
Sarah Williams	SW	Tech Sec, Code Administrator, National Grid Electricity System Operator (NGESO)
Rashpal Gata-Aura	RGA	Code Administrator, National Grid Electricity System Operator (NGESO) - Observer
Antony Johnson	JW	National Grid Electricity System Operator (NGESO)
Frank Kasibante	FK	National Grid Electricity System Operator (NGESO)
Joseph Henry	JH	National Grid Electricity System Operator (NGESO)
Jayaraman Ramanchandran	JR	National Grid Electricity System Operator (NGESO)
Gareth Williams	GW	Scottish Power Transmission plc. (SPT)
Harriet Eckweiler	HE	Scottish Hydro Electric Transmission (SHET)
Richard Woodward	RW	National Grid Electricity Transmission (NGET)
Ian Bottomer	IB	National Grid Electricity Transmission (NGET)
Mike Lee	ML	Offshore Transmission Owner (OFTO)
Matthew Brown	MB	Authority Representative
Sue Richards	SR	Authority Representative
Apologies	Initials	Company
Elana Byrne	EB	Code Administrator, National Grid Electricity System Operator (NGESO)
Nadir Hafeez	NH	Authority Representative

1. Introductions and Apologies for Absence

6686. Apologies were received from Nadir Hafeez and Elana Byrne for May Panel 2024.

2. Minutes from previous meetings

6687. The Panel approved the minutes from the meeting held on 24 April 2024 (**Post Panel Meeting Note:** The minutes are now available on the National Grid ESO [website.](#))

3. Review of Actions

6688. The Actions from April 2024 Panel were reviewed.

4. Authority Decisions and Update

6689. The Chair shared an update from MB (Authority Representative) with Panel as follows: -

FMRs with Ofgem for decision

- **CM079** – *Consideration of STC/STCP changes in relation to CMP330/374* expected date of decision was on 08 May 2024.
- **CM085** – *To clarify OFTO reactive power requirements at <20% output* revised expected date of decision now 8 August 2024.
- **CM086** – *Introducing Competitively Appointed Transmission Owners & Transmission Service Owners* expected date of decision was on 30 September 2024.
- **CM087** – *Introducing Connections Process to facilitate Competitively Appointed Transmission Owners* expected date of decision was on 30 September 2024.
- **CM094** – *Amendment to Bi-annual estimate provisions.* The FMR was sent back on 19 April 2024, not expecting this to have an impact on the urgent timeline.
- Noting the upcoming general election and that we are entering the pre-election period, Ofgem will consider the impact this may have on any upcoming publications, external engagements and on any timelines for ongoing work related to codes. This will include considering any guidance from government. Ofgem will update Panels when they have further clarity on any impacts.
- Ofgem are working to see if **CM094** can be published pre-election and if so, it will be published within one week following the May STC Panel. Should this not be the case then **CM094** will be published in July 2024 and Ofgem will advise Panel of their decision once they know.
- MB advised the Panel that should the decision on **CM094** be delayed, it will be due to the impact of pre-election work and not the work on the modification itself.

- Ofgem will be considering any impact this may have on any upcoming publications, external engagements and on any timelines on the ongoing working related to codes. This will include any guidance from the Government and Panels will be updated when there is further clarity on any impacts.

6690. MB advised that the first Modification Process Workgroup (MPW) session took place on 14 May 2024. This session focussed on two areas that Ofgem sought views on in their recent consultation:

a) The code objectives, and the role of stakeholders in delivering strategic change. The MPW explored how a possible net zero code objective could impact the code modification process, the benefits, and downsides of Ofgem producing associated guidance, and more broadly, opportunities for closer alignment of objectives between the codes.

b) It was also discussed the nature of information code managers might need from code parties to effectively develop and deliver strategic change, circumstances where that information may need to be requested, and the challenges with framing any licence or code obligation on this.

6691. The second session of the Modification Process Workgroup (MPW) took place on 23 May 2024. It explored the future role of SAF in the modification process as well as how the code manager and SAF could work together. There was a discussion on how SAF members could potentially be appointed. The second part of the workgroup looked at roles in the modification process, including who should be able to raise a modification proposal and alternative modifications, and if the principle of proposer ownership needs to evolve.

6692. MB informed the Panel that the consultation on the Implementation of the Energy Code Reform closed on 23 April 2024. All the responses received were being reviewed and analysed, Ofgem's decision will be published in due course.

6693. The joint consultation with DESNZ on code manager selection regulations and code manager licence conditions closed on 5 May 2024.

5. Draft STC/STCP Modifications

6694. The Chair advised that no draft modifications had been received for May 2024 Panel.

6. New STC/STCP Modification Proposals for Panel Decision

6695. The Chair informed the Panel that three new modifications had been received for May 2024 Panel. Critical Friend Checks had been completed on all the new modifications and invited the Proposer of **CM097** to present.

- **CM097** – EMT RMS Model Submission for TOs.
- **CM098** – LCIA
- **PM0140** – Housekeeping changes following the implementation of **PM0135**

6696. FK gave a brief overview on **CM097** and talked through the timeline. For further details please see the slides within the [Panel Papers](#).

6697. The Chair talked through the timeline advising Panel that once the modification had been approved, following Workgroup nominations, the Workgroups would commence on 12 August 2024 due to the urgent modifications that are taking place presently.
6698. The ask of the Panel was: -
- **Agree** that this modification has a clearly defined defect and scope
 - **Agree** that this modification should follow Standard Governance (Ofgem decision) rather than Self-Governance criteria (Panel Decision)
 - **Agree** that this modification should proceed to Workgroup
 - **Agree** Workgroup Terms of Reference
 - **Note** to avoid issues with quoracy due to the current Urgent modifications the proposed timeline for Workgroups is due to commence July/August 2024
6699. RW commented the Proposal assumes compliance from the TOs before actual work had taken place, it seemed reasonable that there was proportionality and justification from the Proposer to justify making the changes whilst understanding that Ofgem would make the ultimate decision.
6700. ML endorsed the comments from RW that much work and costs were involved and there would need to be clarity and justification for this.
6701. JR (ESO) advised that ESO had already had engagement with onshore TOs through JPCMG (modelling group) and discussed the requirements of the RMS and EMT models requirements. ESO had also engaged with some of the OFTOs (following last month STC Panel overview on this requirement) and discussed these requirements further. ESO were happy to present to the working group on why there was the ask for these models.
6702. The Panel unanimously agreed that CM097 should follow the Standard Governance route and proceed to Workgroup. The Panel did not approve the Terms of Reference for the Workgroup, and these were currently under review with Panel Members.
6703. FK advised the Panel that ESO would like to introduce a new **STCP (STCP12-2)** to deal with RMS & EMT model exchange. ESO would like the **CM097** Workgroup to consider the STCP, at the same time as the STC change and hopefully decide at the same time.
6704. **ACTION** The Chair to circulate the updated Terms of Reference for **CM097** to Panel for review and comments.
6705. JH (ESO) was invited to present CM098, gave a brief overview and talked through the timeline, for further details please see the slides within the Panel Papers.
6706. JH advised that since 1993, the CUSC had used the Electricity Arbitration Association (EAA) as its official arbitration provider for any arbitration/disputes. References were also made in the GC and STC.
6707. In BSC modification **P457**, it was highlighted that *“the EAA has not been used by a Market Participant since its inception in 1993 and does not provide good value for money for BSC Parties as monthly payments are required, irrespective of whether there are any disputes to consider. Moreover, the EAA is rarely used in commercial*

agreements, does not maintain its website, and requires monthly payment, irrespective of whether their services are used. This therefore does not offer good value for money for BSC Parties”.

6708. ESO were aiming to align the CUSC, Grid Code and STC with BSC arrangements by using the London Court of International Arbitration as the arbitration provider.
6709. The need for arbitration increased under **CMP398**.
6710. The suite of modifications relating to this modification are all being presented to the relevant May 2024 Panels
6711. JH advised that the alignment would provide good industry practice and ensure that there was a fit for purpose party who were able to come to arbitration decision; especially with CUSC modification **CMP398** alongside of modifications which may need arbitration. ESO were conscious this process needs to be in place.
6712. RW informed the Panel that this modification could progress through the Self-Governance route as per the BSC modification **P457**.
6713. MB commented that whilst this route could be taken, the decision from Ofgem would not be forthcoming until next week following the return of a colleague from annual leave.
6714. JH advised the Panel that if this modification was brought back to June Panel there would be a delay, ideally ESO would like this in place for September when **CMP398** starts to take effect.
6715. The ask of the Panel was: -
- **Agree** that this modification has a clearly defined defect and scope
 - **Agree** that this modification should follow Standard Governance (Ofgem decision) rather than Self-Governance criteria (Panel Decision)
 - **Agree** that this modification should proceed directly to Code Administrator Consultation
 - **Note** the proposed timeline
6716. The Panel unanimously agreed that **CM098** should follow the Standard Governance route, proceed straight to Code Administrator Consultation and Ofgem to make the decision.
6717. DH was invited to present **PM0140**, gave an overview and for further details please see the slides within the [Panel Papers](#). There was no materiality related to the proposed changes. The ESO recommend that the Panel approved these changes to ensure STCP19-3 was updated with all the amendments which should have been implemented as part of **PM0135**.
6718. The ask of the Panel was: -
- **Agree** the materiality of the STCP change
 - **Agree** implementation next steps
 - **Note** that the implementation date will be 13 June 2024, if Panel agreed to implement this change and Panel identify no material impacts.
6719. The Panel approved **PM0140** with the implementation date of **13 June 2024**.

6720. **ACTION** Code Administrator to implement **PM0140** on 13 June 2024.

7. Inflight Modification Updates/Potential New Modifications

6721. The Chair advised the Panel that following the decision on **CMP286** on 3 May 2024 **PM0127** was also rejected and quoted the Authority Decision as below: -

Extract of Authority Decision for **CMP286** (3 May 2024): -

“We have considered the issues raised by the Proposal, the first FMR dated 7 December 2022 and the second FMR dated 8 February 2024. We have also considered the responses to the industry consultations on the Proposal which are attached to the FMRs. We have concluded that:

Implementation of the Proposal would not better facilitate the achievement of the ACOs.

Directing that the modification be made would not be consistent with our principal objective and statutory duties.”

<https://www.nationalgrideso.com/document/317996/download>

As a result of the above decision by the Authority to reject **CMP286**, the consequential STC Proposal **PM0127 - Improving TNUoS Predictability through Increase Notice of the Target Revenue & Inputs used in the TNUoS Tariff Setting Process** had also been rejected.

8. Workgroup Reports

6722. The Chair advised that there were no Workgroup Reports for the May 2024 Panel.

9. Draft Final Modifications Reports

6723. No Draft Final Modification Reports were presented at May 2024 Panel.

10. Code Administrator Update

6724. None

11. Any Other Business

6725. The Chair advised that **CMP095** and **CM096** revised Terms of Reference had been updated by the Workgroups and shared by the Chairs of the modifications. These had been circulated to the Panel members for information and review. These Terms of Reference will be re-issued following Panel for approval/comments by Panel members with the deadline of 12 noon on Friday 31 May 2024.

6726. The Chair advised that they would go back to the Workgroups to advise the outcome from Panel members.

6727. RW advised that the July 2024 Panel meeting clashed with a Workgroup on that date.

6728. **ACTION** the Chair to investigate, make the necessary changes and advise Panel members accordingly.
6729. IB raised a question that with the ESO and NGET getting SCADAs in the next couple of years, was STCP01-1/04-1 being looked at as this was looking at how the data would be exchanged between parties.
6730. DH confirmed these STCPs were being looked at by the ESO when looking to removing fax machines. ESO were looking to bring an STC proposal to the June 2024 Panel which will be looking to update the STC regarding the removal of the fax machines. There will be some STCP changes which will follow, enabling communication that takes place between the TO control rooms and ESO control rooms that will be replaced by fax and there will also be Grid Code and CUSC changes to follow.
6731. The Project Team have updated the Grid Code Development Forum in terms of replacement and what that would look like in some form of a portal where submission could be made as is done via fax and submit electronically via the portals. The thinking is that there will be a login via the portal moving messages backwards and forward to replace the fax machine element.
6732. DH advised that the project team had already started to reach out to the users of fax machines. It was not expected that the new replacement would be available until the end of 2024, and it will be a phased approach. ESO will be encouraging the switch as soon as the replacement was available.

Date of next meeting

6733. The next STC Panel meeting will be held on **Wednesday 26 June 2024**.
6734. New Modification Proposal date **Tuesday 11 June 2024**.
6735. Panel papers day **Tuesday 18 June 2024**.