STCP 11.4 Enhanced Service Provision

STC Procedure Document Authorisation

Company	Name of Party Representative	Signature	Date
~~National Grid Electricity System Operator plc~~			
National Grid Electricity Transmission plc			
SP Transmission plc			
Scottish Hydro-Electric Transmission plc			
Offshore Transmission Owners			

STC Procedure Change Control History

Final	26/10/2018	All comments updated into document

1 Introduction

1.1 Scope

1.1.1 This procedure describes the processes associated with the Electricity System Operator (ESO) buying a service from a Scottish Transmission Owner (TO), where this service will have been identified as having a positive impact in assisting the Electricity System Operator in minimising costs on the GB Transmission network. This procedure reflects the requirements of NGESO's Electricity Transmission License Special Condition 4J.

1.1.2 This procedure will cover works associated with **Commercial Operational Service** and **Joint Works projects** as defined in NGESO licence special condition 4J.

1.1.3 This procedure applies to the Electricity System Operator (ESO) and each Transmission Owner (TO), listed below. For the purposes of this document, TOs are:

- SP Transmission plc
- Scottish Hydro Electric Transmission Plc

1.2 Objectives

1.2.1 The objective of this STCP is to specify the process and procedures associated with the Electricity System Operator buying a service of a Transmission Owner categorised as either a **Commercial Operational Service** (COS) or a **Joint Works projects** (JW), where that service is deemed to have a positive impact in assisting the Electricity System Operator in reducing system operating costs e.g. constraint costs

1.2.2 To meet this objective, this process specifies the following:

- Information exchange required between the Electricity System Operator and Transmission Owner identifying projects where this process could apply
- Processes associated with Transmission Owner service provision
- Electricity System Operator responsibilities to record details of any service provision and costs submitted by the Transmission Owner
- Responsibility of each Transmission Owner in preparing and submitting details of the service they will provide and the costs involved

2 Key Definitions

2.1 The following definitions apply for the purposes of this document:

2.1.1 **Commercial Operational Service (COS) as defined in NGESO SLC4J** and means a service provided to the ESO by SP Transmission plc, Scottish Hydro Electric Transmission plc the purpose of lowering the overall costs associated with the procurement and use of balancing services by the ESO.

2.1.2 **Joint Works Project (JW) as defined in NGET SLC4J** and means where the ESO and the TO agree to a Commercial Operational Service so as to minimise costs on the national electricity transmission system when the costs are higher than £1,146,800 (in 2009/10 prices)

2.1.3 **Knock On Works** means an outage or works that will need to change as a direct or subsequent result of a COS or JW and which may or may not itself incur additional costs

2.1.4 **TO Commercial Operational Service Estimate** means a forecast of the estimated costs the TO would incur should they initiate a COS or JW on their Transmission network during Year 0 (See appendix B)

2.1.5 **TO Commercial Operational Service Provision Cost Estimate** means a Pro-forma that will be completed by the SO to request the TO to provide a TO Commercial Operational Service Estimate. (See appendix A)

3 Procedure

3.1 Change to a TO's Outage, Delivery Project or Project Design

3.1.1 Changes to a Transmission Owner's outage program, project delivery method or project design may be requested by either the Transmission Owner or the Electricity System Operator, if the change is deemed to reduce system operating costs and the Transmission Owner's change costs are acceptable to the Electricity System Operator. This procedure is designed to be used in both the Long Term Planning (year 1 – 6) and within year (year 0) timescales. The type of Transmission Owner's **Commercial Operational Service** or **Joint Works project** offered may include, but is not limited to:

- Temporary bypass circuit breakers or circuits
- Off-line build rather than in-line build
- Temporary Intertripping schemes

3.1.2 **Commercial Operational Service** requests can be requested by either the Electricity System Operator or the Transmission Owner. The process by which any extra cost incurred by the Transmission Owner for any service provided is described below.

3.1.3 A **Joint Works project** is triggered were costs are in excess of the **Commercial Operational Service** term as defined in NGESO standard licence condition 4J.

3.2 Within Year (Year 0) – Commercial Operational Service process

3.2.1 The Electricity System Operator or Transmission Owner may request a **Commercial Operational Service** for any outage that is in the plan at week 49 of the year ahead stage or any outage accepted into the current year plan.

3.2.2 If any plan change is identified that will reduce overall system costs, the party raising the change shall contact the other party to discuss the potential change and, where appropriate, any options associated with the change. If following discussion between both parties, and if the Transmission Owner incurs any extra costs for implementing the change a **TO Commercial Operational Service Provision Cost Estimate** shall be produced by the Transmission Owner for submission to the Electricity System Operator using the pro forma in Appendix A. If the Electricity System Operator accepts the **TO Commercial Operational Service Provision Cost Estimate** the Electricity System Operator will request the Transmission Owner proceeds with the change request.

3.2.3 The Transmission Owner will submit a **TO Commercial Operational Service Provision Cost Estimate** covering all relevant cost associated with the change request.

3.2.4 The Transmission Owner shall submit a **TO Commercial Operational Service Provision Cost Estimate** to the Electricity System Operator that shall be made up of the following forecasted cost:

- A forecast of the direct costs associated with the agreed outage change, project delivery change or design change
- A forecast of any administrative costs

3.2.5 If the Transmission Owner becomes aware that the agreed **Commercial Operational Service** is at risk of not being delivered in terms of costs or date as agreed, they shall contact the Electricity System Operator with revised **Commercial Operational Service** terms for analysis using appendix A

At this point the Electricity System Operator may:

- Terminate the original agreed **Commercial Operational Service** agreement with costs incurred up to that point settled.

- Agree a revised **Commercial Operational Service** agreement with the Transmission Owner if the revised terms are still deemed beneficial in reducing overall system costs

3.3 Electricity System Operator & Transmission Owner Payment Process – Within Year Changes

3.3.1 **Commercial Operational Service** or **Joint Work project** costs shall be cost reflective and the estimated costs will have been agreed between both parties prior to the outage change taking place. The estimated costs will have been submitted by a Transmission Owner to the Electricity System Operator via a **TO Commercial Operational Service Estimate** in the form of the pro-forma in appendix B. At the time of submission of the **TO Commercial Operational Service Estimate** the Transmission Owner and the Electricity System Operator will agree a date by which the TO shall submit the invoice.

3.3.2 In accordance with STCP 13.1 Invoicing and Payment and Other Charges in Schedule 10 of the STC:

- The Electricity System Operator shall provide a purchase order number to the Transmission Owner when approving the **Commercial Operational Service** or **Joint Work project** costs request
- The Transmission Owner shall issue an invoice to the Electricity System Operator quoting the appropriate Electricity System Operator purchase order number
- The Transmission Owner invoice will also quote the Unique Works Identifier Code used in the **Commercial Operational Service** or **Joint Work project** costs Pro forma

3.3.3 On completion of the **Commercial Operational Service** or **Joint Work project** the Transmission Owner will despatch the invoice to recover the costs by the date agreed and specified in accordance with the **TO Commercial Operational Service Estimate.** All invoice dates will be no later than the 30th April immediately following the Financial Year for which the works relates and would normally be no later than 2 months after the latest date involving the **Commercial Operational Service** or **Joint Work project** costs

3.4 Planning Years (Year 1 – 6). Transmission Owner service provision - Long Term process

3.4.1 The Electricity System Operator or Transmission Owner in the Long Term planning phase may request a project design change, a project outage delivery change e.g. off line build rather than in line build or any other change to a program of work being carried out on a Scottish Transmission Owner's network that if designed and\or delivered differently from what was agreed at start of the RIIO-T1 period could produce significant system operating cost savings. Examples of these types of changes are listed below.

- Design changes to future proof the network that cannot be funded under the Transmission Owner's regulatory allowance
- Design changes – Offline build of key network nodes rather than inline build.
- Accelerated working by the Transmission Owner – Compressing a 4 month outage into 3 months requires to be done in the long term planning period.
- Building contingency circuits

3.4.2 Due to the complexity in delivering some of the examples shown in section 3.4.1 the costs submitted by the Transmission Owner could be substantial therefore a **Joint Works project** will be triggered were costs are in excess of the **Commercial Operational Service** term as defined in NGESO standard licence condition 4J. A **Joint Works project** will follow the

process defined in NGESO standard licence condition 4J which will require regulatory approval. If the costs are less than the **Commercial Operational Service** value the Electricity System Operator can sanction the spend.

3.4.3 A request by either party to investigate the possibility of a project \ outage change as described in section 3.4.1 can be made verbally or in writing with it formally being initiated via a TO Service Provision Proposal form as shown in the Pro-foma in Appendix B

3.4.4 If any outage change, project delivery change or design change is identified by either the Electricity System Operator or Transmission Owner in the Long Term Planning time frames the party raising the change shall contact the other party to discuss the potential change and, where appropriate, any options associated with the change. If following discussion between both parties, and if the Transmission Owner incurs any extra costs for implementing the change a **TO Commercial Operational Service Estimate** shall be produced by the Transmission Owner for submission to the Electricity System Operator using the pro forma in Appendix B. If the estimated costs are less than the **Commercial Operational Service** value and the Electricity System Operator accepts the proposals the Electricity System Operator will request the Transmission Owner proceeds with the change request.

3.4.5 If the estimated costs are greater than the **Commercial Operational Service** value the Electricity System Operator shall inform OFGEM of the proposal and seek to gain their approval of the project change and a funding increase to the STCP 11.4 budget should it be required. If OFGEM agrees to the proposal the Electricity System Operator will inform the Transmission Owner and the Transmission Owner will then proceed with the change request. Rejection of the proposal will be communicated back to the Transmission Owner by the Electricity System Operator along with an explanation from OFGEM

3.5 ESO & TO Payment Process – Long Term Changes

3.5.1 On completion of the works specified in the **TO Service Provision Cost Estimate** and in which the Transmission Owner's costs will have been identified the Transmission Owner will submit an invoice

3.5.2 **Commercial Operational Service** or **Joint Work project** costs shall be cost reflective and the estimated costs will have been agreed between both parties prior to the outage change taking place. The estimated costs will have been submitted by a Transmission Owner to the Electricity System Operator via a **TO Service Provision Cost Estimate** in the form of the pro-forma in appendix B. At the time of submission of the **TO Service Provision Cost Estimate** the Transmission Owner and the Electricity System Operator will agree a date by which the Transmission Owner shall submit the invoice

3.5.3 In accordance with STCP 13.1 Invoicing and Payment and Other Charges in Schedule 10 of the STC:

- The Electricity System Operator shall provide a purchase order number to the Transmission Owner when approving the **Commercial Operational Service** or **Joint Work project** costs request
- The Transmission Owner shall issue an invoice to the Electricity System Operator quoting the appropriate Electricity System Operator purchase order number
- The Transmission Owner invoice will also quote the Unique Works Identifier Code used in the **Commercial Operational Service** or **Joint Work project** costs Pro forma

4 Commercial Operational Service and Joint Works project Cost Monitoring

4.1 Transmission Owner

4.1.1 Each Transmission Owner shall monitor all variable Cost Estimates submitted by that Transmission Owner to the Electricity System Operator for which out-turn has not yet been achieved

4.1.2 Each month the Transmission Operator shall inform the Electricity System Operator in writing of any significant change or potential significant change to the Outage Change Cost Estimates. A significant change is a change that differs to the last value given to the Electricity System Operator by the greater of either 10% of the previous value or a change in excess of £10000

4.2 Electricity System Operator

4.2.1 The Electricity System Operator shall maintain a record of all **Commercial Operational Service** and **Joint Works project** requests made, Cost Estimates and Actual Costs.

Appendix A: TO Commercial Operational Service Provision Cost Estimate*.*

Date ……. **Issue No. ……..** **Page 1 of 1**

Activity	Input	Notes
Works information - completed by NGESO		
Name of Requester		Name of NGESO engineer requesting the change
Unique Works Identification Code		
Works description		Works description
Date		Date request made by NGESO
Service Provision		Description of the required service the ESO would like the TO to provide
Indicative delivery date and time		NGESO shall give indication of a new proposed start and end date of the Works
Any additional information		Any additional information that NGESO feel will be useful to enable the TO to cost the outage
Receipt information - completed by TO		
Date received by TO		Date Works request received by TO
Name of TO Representative		
TO reference number		

Appendix B: TO Commercial Operational Service Estimate

Service Cost Estimate (complete this section on page 1 only)

Date …… Issue No……. Page of

From Name & Company		Name & Company of person submitting estimate
Unique Works Identification Code		
Works Cost Estimate	£	Total cost of Works
Works Invoice date		Normally no later than 2 months after latest date involved in Works

Works Costs for ……

Activity	Input	Notes
Outage information - completed jointly by TO / NGESO		
Brief description of TO Service being provided		
Date of the request		Date Works \ Service request made by NGESO
Unique Works Identification Code		
Cost information - completed by TO		
Total Works Costs	£	Total TO cost of Works
Decision information - completed by NGESO		
Date received by NGESO and by whom	NGESO	Date cost information received by NGESO and recipient name
Decision	Approve / Cancel *	NGESO approve or cancel the Works
NGESO Order Number		Order number for approved Works
Confirmed to TO Date and name (NGESO)	NGESO	Date decision confirmed to the TO and by whom

1 * delete as applicable