

STC Modification Proposal Form

CM075:

Clarification on Final Sums definition

**Overview:** The definition of Final Sums in Section appears to contradict the provisions for calculating Final Sums amounts in Schedule 9. This change tidies up the definition to remove any ambiguity.

Modification process & timetable

1

•Proposal form  
•XX Month Year

2

•Workgroup Consultation  
•XX Month Year - XX Month Year

3

•Workgroup Report  
•XX Month Year

4

•Code Administrator Consultation  
•XX Month Year - XX Month Year

5

•Draft Modification Report  
•XX Month Year

6

•Final Modification Report  
•XX Month Year

7

•Implementation  
•XX Month Year

Status summary:

The Proposer is seeking approval from the Panel for the modification to be raised, and a decision on the governance route to be taken.

This modification is expected to have a:

Low impact on Onshore Transmission Owners and NGESO

Proposer's recommendation of governance route

This modification will proceed straight to Code Administrator Consultation and the Panel will make the decision on whether it should be implemented.

Who can I talk to about the change?

Proposer: [Richard Woodward; NGET]

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## What is the issue?

The current definition for Final Sums includes an exception for capitalised interest which is not envisaged elsewhere in the code (e.g. Section 9 Clause 7.2), and accepted practice where all costs should be recovered from Users seeking to terminate Connection Agreements, rather than risk certain costs being socialised or incurred unreasonably by the Onshore TO.

### Why change?

Avoid ambiguity in the code and ensure that the Onshore Transmission Owners can recover their full costs from the ESO for making connections investment for the benefit of a single User, but where the User terminates their agreement prematurely (and works cannot be re-used for another customer).

## What is the proposer's solution?

Remove the exclusion from financing from the Final Sums definition in Section J Clause 3.

## Draft legal text

*"TO Final Sums" the amount payable by NGESO on termination of a TO Construction Agreement being the aggregate from time to time and for the time being of:*

- (a) all Engineering Charges arisen prior to the date of termination;*
- (b) fees, expenses and costs ~~(excluding costs on account of interest charges incurred by the Transmission Owner)~~ of whatever nature reasonably and properly incurred or due by the Transmission Owner in respect of any part of the Transmission Construction Works;*

## 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	<b>None</b>
(b) development, maintenance and operation of an efficient, economical and coordinated system of electricity transmission	<b>Positive</b> – Ensures the Onshore TO's investments in sole-use connections are recovered from the Users triggering them, specifically in the event of that User initiating termination with the ESO.
(c) facilitating effective competition in the generation and supply of electricity, and (so far as consistent	<b>Positive</b> – Sets signals that Users triggering works are liable for all

therewith) facilitating such competition in the distribution of electricity	the resulting costs, including in the event of termination.
(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	<b>None</b>
(e) promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.	<b>Positive</b> – Ensures that STC definitions line up with associated processes elsewhere in the code.
(f) facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system;	<b>None</b>
(g) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.	<b>None</b>

### Impact of the modification on the stakeholder / consumer benefit categories

#### Proposer's assessment:

Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	<b>None</b>
Lower bills than would otherwise be the case	<b>Positive</b> – Ensure costs triggered by specific Users are recovered from them, rather than potentially socialised.
Benefits for society as a whole	<b>None</b>
Reduced environmental damage	<b>None</b>
Improved quality of service	<b>None</b>

### When will this change take place?

**Implementation date:** ASAP

**Implementation approach:**

Legal text changes should be made subject to approval

**Interactions**

None

**Acronyms, key terms and reference material**

Acronym / key term	Meaning

**Reference material:**

- 1.

**Guidance on governance routes**

[Section to be removed by Code Admin following submission]

**Self-Governance**

The modification is unlikely to discriminate between different STC Parties and is unlikely to have a material effect on:

- i. Existing or future electricity customers;
- ii. Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity,
- iii. The operation of the National Electricity Transmission System
- iv. Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies
- v. The STC Panel's governance procedures or the STC Panel's modification procedures

**Fast Track Self-Governance**

The modification is a housekeeping modification required as a result of an error or factual change, such as:

- i. Updating names or addresses listed in the STC;
- ii. Correcting minor typographical errors;
- iii. Correcting formatting and consistency errors, such as paragraph numbering, or;
- iv. Updating out of date references to other documents or paragraphs.

## Urgency

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

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

Draft