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Responses should be sent to
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on or before
xx January 2011

PROPOSED AMENDMENT REPORT

STC Proposed Amendment CA041

Inclusion of Transmission Owner Reinforcement Instructions in Transmission Owner Construction Offer and Definition Amendments

*The purpose of this report is to assist the
Authority in their decision of whether to
implement Amendment Proposal CA041*

Amendment Ref	CA041
Issue	0.1
Date of Issue	14 th December 2010
Prepared by	STC Committee

I DOCUMENT CONTROL**a STC Document Control**

Version	Date	Author	Change Reference
0.1	14/12/10	STC Committee	Draft Proposed Amendment Report for STC Committee

b Document Location

National Grid Website:

<http://www.nationalgrid.com/uk/Electricity/Codes/sotocode/>

c Distribution

Name	Organisation
The Gas and Electricity Markets Authority	Ofgem
STC Parties	Various
Interested Parties	Various
Core Industry Document Owners	Various
National Grid Industry Information Website	

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1.0 SUMMARY AND RECOMMENDATION

- 1.1 CA041 seeks to include the requirement for a Transmission Owner (TO) to submit, to National Grid Electricity Transmission (NGET), a Transmission Owner Reinforcement Instruction (TORI) as part of the submission of their respective draft TO Construction Offer to NGET.
- 1.2 In parallel to CA041, STCP Amendment Proposal PA062 (STCP18-1 – Amendment of process to include Connect and Manage arrangements and Transmission Owner Reinforcement Instructions) has been raised which proposes to amend STCP18-1 such that the TO includes the submission of new TORIs, or confirmation that current TORIs are still valid, as part of their TO Construction Offer submission and the timescales associated with such submission. PA062 also proposes to include the requirement for submission of relevant Connect and Manage Derogation Reports as part of the TO Construction Offer submission to NGET. This STCP amendment proposal will follow the normal governance route for an STCP change and, as such, will not be discussed further in this CA041 Proposed Amendment Report.
- 1.3 STC Amendment Proposal CA041 was proposed by NGET and submitted for consideration to the STC Committee meeting on 28th September 2010.
- 1.4 The STC Committee has discussed the Proposed Amendment CA041 and has agreed that no Evaluation Phase is required and, as such, agreed that it proceeds directly to the Assessment and Report Phase.

STC Committee Recommendation

- 1.5 The STC Committee provisionally recommends that STC Amendment Proposal CA041 is approved for implementation.
- 1.6 Should the Authority approve STC Amendment Proposal CA041, it is provisionally recommended that the STC be modified 5 days after the Authority decision.

2.0 PURPOSE AND SCOPE OF THE REPORT

- 2.1 This Proposed Amendment Report has been prepared and issued by the STC Committee under the rules and procedures specified in the System Operator – Transmission Owner Code (STC).
- 2.2 Further to the submission of Amendment Proposal CA041 (see Annex 1) this document is addressed and furnished to persons who have a relevant interest in the Proposed Amendment and invites views upon the Amendment Proposal CA041.
- 2.3 This document outlines the nature of the STC changes that are proposed. It incorporates the STC Parties' provisional recommendations to the Authority concerning the Amendment.
- 2.4 This Proposed Amendment Report has been prepared in accordance with the terms of the STC. An electronic copy can be found on the National Grid website, at <http://www.nationalgrid.com/uk/Electricity/Codes/sotocode/>.

3.0 THE PROPOSED AMENDMENT

Background

- 3.1 When a User wishes to connect to the National Electricity Transmission System (NETS) they make an application to NGET in accordance with the Connection and Use of System Code (CUSC). NGET then assess the application to ensure it is completed correctly. Utilising the information in the User Application, NGET produces the NGET Construction Application and distributes to each of the Affected Parties (Host TO and Affected TOs).
- 3.2 The Affected Parties then assess whether the NGET Construction Application is technically effective. A technically effective NGET Construction Application is where all the necessary technical data has been provided, such that the TO can undertake the necessary studies and assessment of the proposed connection from the User. If it is agreed that the NGET Construction Application is technically effective, and the application fee is paid, the Clock Start Date is set. From this point, NGET have 3 months to produce a Connection Offer for the User under Condition 8 of the NGET Transmission Licence.
- 3.3 During this 3 month process a number of tasks need to be carried out to prepare the Connection Offer for the Applicant. One of these tasks is for the Affected Parties' to submit their respective draft TO Construction Offers (excluding the Charging information) to NGET within 2 months of the Clock Start Date. They are then required to submit their respective final TO Construction Offer to NGET within 2 months + 2 calendar weeks of the Clock Start Date.
- 3.4 When Affected Parties supply NGET with a TO Construction Offer, there are certain items that must be contained within it. The requirements of a TO Construction Offer are detailed in Schedule Eight of the STC. Under the current drafting of Schedule Eight, there is no requirement for a TO to submit Transmission Owner Reinforcement Instructions (TORIs) as part of their TO Construction Offer to NGET.
- 3.5 A TO Construction Offer will detail, amongst other information, the works required to connect the User to the NETS and the Transmission Reinforcement works required. The TO Construction Offer also references TORIs, separate documents, which set out the wider Transmission Reinforcement works required, together with construction programme dates and the Transmission System Outages required. For clarity, the detailed information contained in a TORI is not included in the TO Construction Offer but the references and names of the required wider Transmission Reinforcements are.

Proposal

- 3.6 The Amendment Proposal CA041 was raised by NGET to place obligations on TOs to submit to NGET the latest TORIs along with their TO Construction Offer, or confirmation that the current TORIs remain unchanged, in relation to a User Application. The information contained in the TORI will assist NGET to incorporate the correct information into the relevant User Connection Offer.
- 3.7 To bring this obligation into effect, amendments will be required to Schedule Eight and Section J of the STC. Schedule Eight describes the requirements of a TO Construction Offer, which currently does not include the requirement

to provide related TORIs. Section J, 'Interpretations and Definitions', will be amended to include a definition for a TORI.

4.0 ALTERNATIVE AMENDMENTS

- 4.1 No Alternative Amendments to CA041 were submitted.

5.0 EVALUATION PHASE

- 5.1 The STC Committee considered that whilst CA041 will have an impact on Transmission Owners in terms of what is required within a TO Construction Offer, the impact was manageable. The proposed amendments to the STC are straightforward and it was not felt that further evaluation against the STC objectives would be necessary or raise any issues that would not be highlighted in the Assessment and Report Phase.

6.0 STC PARTIES' ASSESSMENTS

- 6.1 This section contains a summary of the views and representations made by STC Parties during the Assessment Phase in respect of the Proposed Amendments, in accordance with Section B, Paragraph 7.2.5.2 of the STC.

National Grid View

- 6.2 National Grid is supportive of Amendment Proposal CA041, and has carried out an Assessment of the Proposed Amendment.
- 6.3 The implementation of CA041 would not have any physical impact on National Grid's Transmission System or require changes to the IS Systems. No additional works or monies would be required to implement the proposed change.

Scottish Hydro-Electric Transmission Limited (SHETL) View

- 6.4 Scottish Hydro-Electric Transmission Limited (SHETL) is [to be completed]

SP Transmission Limited (SPT) View

- 6.5 SP Transmission Limited (SPT) is [to be completed]

7.0 IMPACT ON THE STC/STCPs

- 7.1 Schedule Eight, 'TO Construction Offer', paragraph 1.1.3 will require amending to include the requirement of a TORI being part of a TO Construction Offer submission.
- 7.2 Section J, 'Interpretations and Definitions', will require amending to include a new definition of a Transmission Owner Reinforcement Instruction.
- 7.3 The text required to give effect to the Proposed Amendment is attached in Annex 2.

8.0 IMPACT ON CORE INDUSTRY DOCUMENTS

- 8.1 The Proposed Amendment would have no impact on Core Industry Documents or Industry documentation or require any changes to computer systems established under Core Industry Documents.

9.0 STC COMMITTEE VIEWS & RECOMMENDATION

- 9.1 The STC Committee believes that amendment of the STC on the basis of CA041 would better facilitate achievement of the following applicable STC objectives detailed below:

- (a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act;

The submission of Transmission Owner Reinforcement Instructions, as part of the TO Construction Offer, will assist NGET to incorporate the correct information into the relevant User Connection Offer in a timely manner to adhere to the 3 month requirement set out in the Transmission Licence.

- (b) development, maintenance and operation of an efficient, economical coordinated system of electricity transmission;

More timely and detailed information, through TORI submissions, will support the process of developing User Offers within the Transmission Licence timescales of 3 months.

- 9.2 In the reasoned opinion of the STC Committee that this Proposed Amendment would not have a quantifiable effect on greenhouse gas emissions. Therefore, no assessment in accordance with the current guidance on the treatment of carbon costs and evaluation of the greenhouse gas emissions as may be issued by the Authority from time to time, is required.
- 9.3 The STC Committee therefore provisionally recommends that the Authority should approve Amendment Proposal CA041 for implementation.

10.0 IMPLEMENTATION AND TIMESCALES

- 10.1 Should the Authority approve Amendment Proposals CA041, it is recommended that the STC be modified 5 business days after the Authority's decision.

11.0 VIEWS AND REPRESENTATIONS

- 11.1 Views are invited from Industry parties upon the Proposed Amendment contained within this Proposed Amendment Report.
- 11.2 Any representations received will be summarised in Section 11 of the Amendment Report submitted to the Authority, and will be reproduced in Annex 3.

ANNEX 1 - AMENDMENT PROPOSAL FORM**STC Amendment Proposal Form****CA041**

<p>1. <u>Title of Amendment Proposal</u></p> <p>Inclusion of Transmission Owner Reinforcement Instructions in Transmission Owner Construction Offer and Definition Amendments.</p>
<p>2. <u>Description of the Proposed Amendment</u></p> <p>It is proposed to amend Schedule Eight – 'TO Construction Offer' of the STC such that a Transmission Owner submits to NGET the latest Transmission Owner Reinforcement Instruction (TORI) or confirmation that the current TORI remains unchanged with the Transmission Owner Construction Offer (TOCO).</p> <p>Submission of the TORI will assist NGET to incorporate the correct information into the relevant User Connection Offer in accordance with the CUSC.</p> <p>It is also proposed to amend Section J 'Interpretation and Definitions' within the STC such that a TORI is defined.</p>
<p>3. <u>Description of Issue or Defect that Proposed Amendment seeks to Address</u></p> <p>Under Schedule Eight of the STC, following submission by NGET of a NGET Application to a Transmission Owner (TO), the TO submits to NGET a TOCO. The TOCO must contain a number of different items, listed in Schedule Eight but currently does not list the requirement of a TORI.</p>
<p>4. <u>Impact on the STC</u></p> <ul style="list-style-type: none"> • Schedule Eight – 'TO Construction Offer' will require amending to include the requirement of a TORI being part of a TOCO submission; and • Section J – 'Interpretations and Definitions' will require amending to include a new definition of a Transmission Owner Reinforcement Instruction.
<p>5. <u>Impact on other frameworks e.g. CUSC, BSC</u></p> <ul style="list-style-type: none"> • None
<p>6. <u>Impact on Core Industry Documentation</u></p> <ul style="list-style-type: none"> • None
<p>7. <u>Impact on Computer Systems and Processes used by STC Parties</u></p> <ul style="list-style-type: none"> • None
<p>8. <u>Details of any Related Modifications to Other Industry Codes</u></p> <ul style="list-style-type: none"> • None
<p>9. <u>Justification for Proposed Amendment with Reference to Applicable STC Objectives</u></p> <p>Amending the STC as described above will adhere to the mandatory requirements imposed under the new licence modifications and therefore justifies this proposal.</p> <p>Amending the STC in this manner would mean that the following objectives are better facilitated:</p> <p>(a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act; and</p> <p>(b) development, maintenance and operation of an efficient, economical and co-ordinated system of electricity transmission;</p>

Details of Proposer Organisation's Name	National Grid Electricity Transmission plc
Capacity in which the Amendment is being proposed (i.e. STC Party or other Party as designated by the Authority pursuant to STC section B7.2.2.1 (b))	STC Party
Details of Proposer's Representative Name Organisation Telephone Number Email Address	Bec Thornton National Grid Electricity Transmission plc 01926 656386 Bec.Thornton@uk.ngrid.com
Details of Representative's Alternate Name Organisation Telephone Number Email Address	Kathryn Sorrell National Grid Electricity Transmission plc 01189 363161 kathryn.sorrell@uk.ngrid.com
Attachments (Yes/No): Yes Appendix 1 – Proposed Legal Text	

Notes:

- Those wishing to propose an Amendment to the STC should do so by filling in this "Amendment Proposal Form" that is based on the provisions contained in Section 7.2 of the STC.
- The Committee Secretary will check that the form has been completed, in accordance with the requirements of the STC, prior to submitting it to the Committee. If the Committee Secretary accepts the Amendment Proposal form as complete, then she/he will write back to the Proposer informing them of the reference number for the Amendment Proposal and the date on which the Committee will consider the Proposal. If, in the opinion of the Committee Secretary, the form fails to provide the information required in the STC, then he/she may reject the Proposal. The Committee Secretary will inform the Proposer of the rejection and report the matter to the Committee at their next meeting. The Committee can reverse the Committee Secretary's decision and if this happens the Committee Secretary will inform the Proposer.

The completed form should be returned to:

Kabir Ali
STC Committee Secretary
Regulatory Frameworks
National Grid Company plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick, CV34 6DA

Or via e-mail to: Kabir.ali@uk.ngrid.com

ANNEX 2 - PROPOSED TEXT TO MODIFY THE STC

The proposed changes to Schedule Eight and Section J are shown red text.

SCHEDULE EIGHT

TO CONSTRUCTION OFFER

1. Requirements of a TO Construction Offer

1.1 Unless otherwise agreed with NGET, a TO Construction Offer shall be signed by the Transmission Owner and shall include the information set out in Transmission Licence Condition D4A or E17 as appropriate and, to the extent that such information does not otherwise require it, shall also include the following:

1.1.1 a description of any Change(s) to its Transmission System required to give effect to the Construction Project;

1.1.2 a description of any associated variation in the Transmission Services to be provided to NGET under Section C, Part One, paragraph 2.1 and including (where appropriate) any new or revised Normal Capability Limits that will apply;

1.1.3 a contract (a **"TO Construction Agreement"**) for the construction of those Changes to its Transmission System described in paragraph 1.1.1, which is capable of being entered into by NGET and which binds NGET upon signature, and which shall contain the following:

1.1.3.1 commercial terms in, or substantially in, the form set out in Schedule Nine;

1.1.3.2 a description (in the form of Appendices) of any of the following types of works required to be undertaken by the Transmission Owner to give effect to the Construction Project:

- (a) Transmission Connection Asset Works;
- (b) Transmission Reinforcement Works;
- (c) Seven Year Statement Works;
- (d) One Off Works;
- (e) Transmission Interface Asset Works;
- (f) Embedded Transmission Interface Asset Works; and
- (g) such additional works as are required in order to comply with any relevant Consents in relation to any of the works in (a) - (f) above,

(referred to together as the **"Transmission Construction Works"**)

- 1.1.3.3 Appendices setting out any User Works and Third Party Works, respectively, associated with the Construction Project;
- 1.1.3.4 an Appendix setting out the TO Construction Programme, including the date on which the Transmission Construction Works shall be completed;
- 1.1.3.5 the Independent Engineer for the purposes of the TO Construction Agreement;
- 1.1.3.6 the date by which NGET, the Transmission Owner or the User shall have commenced, or shall be ready to commence, the Commissioning Programme;
- 1.1.3.7 the Completion Date;
- 1.1.3.8 copies of associated **Transmission Owner Reinforcement Instructions** or confirmation that current associated **Transmission Owner Reinforcement Instructions** remain unchanged; and
- 1.1.3.9 such other terms as are or may be appropriate for the purpose of the TO Construction Agreement (including, without limitation, any Liquidated Damages).
- 1.1.4 the likely material effect of Transmission Construction Works on other third parties (not including the User to whose User Application the TO Construction Offer relates);
- 1.1.5 any Outage(s) forming part of or otherwise associated with the Transmission Construction Works;
- 1.1.6 a description of any assumptions, technical limitations or works of other Parties which the TO Construction Offer is based upon and which are likely to be associated with the provision of Transmission Services at the Connection Site, New Connection Site, Transmission Interface Site or New Transmission Interface Site, Embedded Transmission Interface Site or New Embedded Transmission Interface Site or otherwise in relation to the construction of the relevant parts of the Construction Project including (without limitation) any SYS Works proposed for another Party's Transmission System which are required to be undertaken in order for the Transmission Owner to give effect to the TO Construction Offer;
- 1.1.7 a description of any technical design or operational criteria which the Transmission Owner reasonably considers User or Transmission Owner Equipment would be required to meet in order for such Transmission Owner to comply with Standard Condition D3 or Standard Condition E16 of its Transmission Licence as applicable.
- 1.2 In the case of a TO Construction Offer in relation to a New Connection, such TO Construction Offer may contain some or all of the following conditions:

- 1.2.1 That NGET shall procure that the User enters into an Interface Agreement with the Transmission Owner covering the New Connection Site in a form to be agreed between the Transmission Owner and User but substantially in the form set out in Schedule O of the CUSC.
- 1.2.2 That the New Connection Site is not a nominated site under the "NAECI" (the National Agreement for the Engineering Construction Industry) conditions and will not become one and any agreement for this site will be conditional upon this.

1.3 **Connect and Manage Arrangements**

Where NGET has applied to the Onshore Transmission Owner on the basis of the Connect and Manage Arrangements the following is also required.

- 1.3.1 confirmation that the TO Construction Offer is made on the basis of the Connect and Manage Arrangements;
 - 1.3.2 the Transmission Reinforcement Works referred to at paragraph 1.1.3.2(b) shall be divided and categorised into those works which are the Enabling Works and those works which are the Wider Transmission Reinforcement Works;
 - 1.3.3 the references to Transmission Construction Works in the terms and conditions at Schedule 9 and for the purposes of the Commissioning Programme referred to at paragraph 1.1.3.6 and the Construction Programme referred to at paragraph 1.1.3.4 shall all be by reference to the Transmission Construction Works excluding the Wider Transmission Reinforcement Works and Seven Year Statement Works;
 - 1.3.4 confirmation that a Connect and Manage Derogation is or is not required in respect of any Wider Transmission Reinforcement Works based on whether or not connection and/or use of system on completion of the Enabling Works but in advance of any identified Wider Transmission Reinforcement Works does not comply with the NETS SQSS,
 - 1.3.5 if a Connect and Manage Derogation is required, the TO Construction Offer shall also include as part of it the Connect and Manage Derogation Report which will justify the need for and scope of any Connect and Manage Derogation by reference to the Connect and Manage Derogation Criteria.
- 1.4 A TO Construction Offer shall remain open for acceptance by NGET according to the terms of Section D, Part Two, paragraph 5 of the Code.

The following amendments shall be made to Section J of the STC

Addition of the following definition:

**“Transmission Owner
Reinforcement
Instruction(s)”**

as provided by a Transmission Owner in relation to a Construction Project, or part of a Construction Project, and both referenced in the relevant TO Construction Agreement and provided to NGET as part of the relevant TO Construction Agreement;

ANNEX 3 - COPIES OF COMMENTS RECEIVED ON THE PROPOSED AMENDMENT REPORT

[To be completed when comments are received]

This Annex includes copies of any representations received following circulation of the Proposed Amendment Report (circulated on xx December 2010, requesting comments by close of business on xx January 2011).

Representations were received from the following parties:

No.	Company	File Number
1		CA041-AR-01