

STC Committee - Party Representation Clarification

1.0 Summary

This paper outlines some issues that have been noted by National Grid, as the Code Administrator for the STC, in relation to Party Representatives.

The key issues are:

- Clarification of Party and Party Representative
- Duties of Party Representatives
 - Impartiality
 - Representation
 - Employer change

National Grid are recommending that the STC Committee consider these issues and determine if there are any other aspects around these topics that should be included in any future modification that may arise.

2.0 Clarification of Party and Party Representative

With the introduction of Offshore Transmission Owners (OFTOs) as Parties to the STC, the current definition of 'Party/Parties' can be misinterpreted as to whether it is targeting all STC Parties (e.g. signatories to the Framework Agreement) or STC Committee Representatives. Prior to the introduction of OFTOs, each Party Representative was concerned with the interests of their respective transmission company so an interchangeable definition of 'Parties' was irrelevant as all STC Parties are also STC Party Representatives. With the introduction of OFTOs, many of which will not be STC Party Representatives, there is scope for possible confusion within the STC in regards to whom the definition of 'Party/Parties' is referring to.

3.0 Duties of Party Representatives

If an STC Party is not a representative on the STC Committee they are only able to comment on an Amendment Proposal at the industry consultation stage (Section B, 7.2.5.10) or through their Party Representative. This has raised the question of what is the role of the Party Representative and their responsibilities to those that they represent.

3.1 Impartiality

Currently within the STC there is no clause that outlines the duties of any of the Party Representatives. This has not been an issue as the onshore TO Party Representatives are only representing themselves. However, with the introduction of OFTOs there is no requirement placed on the OFTO Party Representatives to act impartially for the parties they are meant to be acting on behalf of. To ensure the role of OFTO Party Representative is clear, and to instil a duty of impartiality, it is important to amend the STC to bring in OFTO Party Representative duties.

The CUSC currently outlines the duties of the Panel Members and provides an example of the requirements that could be inserted into the STC for OFTO Party Representatives. This text can be found in Annex 1.

3.2 Representation

The way in which an OFTO interacts with their Party Representative is an area that needs to be considered. Currently there is no text within any of the codes that describes how this relationship is managed. It is envisaged that the duty of impartiality on behalf of the OFTO Party Representative requires them, in conjunction with OFTOs, to determine how this relationship is managed to ensure fair representation of all OFTO Parties. National Grid welcomes the views of the STC Committee as to whether or not this is the correct understanding.

3.3 Employer Change

Another issue for consideration is whether or not Party Representation moves with a Party Representative between OFTOs. Initial thoughts are that if a Party Representative changes companies they can still be a Party Representative as they are impartially representing the interests of OFTOs. There is no text within the STC outlining this scenario and it would be beneficial to introduce some text to provide this additional clarity.

Under the CUSC, a Panel Member can continue to be on the Panel as long as the new employer provides a letter confirming that they may act as a Panel Member in accordance with CUSC guidelines. The text for this is contained in Annex 1.

4.0 Recommendations

The STC Committee is invited to consider the issues highlighted in this paper and provide recommendations for other aspects that may need to be considered as part of any future modification regarding Party Representatives.

If the STC Committee is content that the current scope is sufficient the next steps are to raise an Amendment Proposal at the March STC Committee meeting.

Annex 1 - CUSC 8.3.4

8.3.4 Duties of Panel Members

- (a) A person appointed as a **Panel Member**, or an **Alternate Member**, by **Users** under Paragraph 8.3.1 or 8.7.2, by the **Authority** under Paragraph 8.4.3 and the person appointed as **Panel Chairman** under Paragraph 8.4.1, and each of their alternates when acting in that capacity:
 - (i) shall act impartially and in accordance with the requirements of the **CUSC**; and
 - (ii) shall not be representative of, and shall act without undue regard to the particular interests of the persons or body of persons by whom he was appointed as **Panel Member** and any **Related Person** from time to time.
- (b) Such a person shall not be appointed as a **Panel Member** or an **Alternate Member** (as the case may be) unless he shall have first:
 - (i) confirmed in writing to the **Code Administrator** for the benefit of all **CUSC Parties** that he agrees to act as a **Panel Member** or **Alternate Member** in accordance with the **CUSC** and acknowledges the requirements of Paragraphs 8.3.4(a) and 8.3.4(c);
 - (ii) where that person is employed, provided to the **Panel Secretary** a letter from his employer agreeing that he may act as **Panel Member** or **Alternate Member**, and that the requirement in Paragraph 8.3.4(a)(ii) shall prevail over his duties as an employee.
- (c) A **Panel Member** or **Alternate Member** shall, at the time of appointment and upon any change in such interests, disclose (in writing) to the **Panel Secretary** any such interests (in relation to the **CUSC**) as are referred to in Paragraph 8.3.4(a)(ii).
- (d) Upon a change in employment of a **Panel Member** or **Alternate Member**, he shall so notify the **Panel Secretary** and shall endeavour to obtain from his new employer and provide to the **Panel Secretary** a letter in the terms required in Paragraph 8.3.4(b)(ii); and he shall be removed from office if he does not do so within a period of 60 days after such change in employment.