

STC Amendment Proposal Form

CA046

1. Title of Amendment Proposal

Inclusion of Generator Led build options within the STC

2. Description of the Proposed Amendment *(mandatory field)*

Background

In July 2010¹, Ofgem outlined their intention to consult on providing the option for generator developers to take responsibility for all aspects of design, procurement and construction of transmission infrastructure which would then be transferred to an appointed Offshore Transmission Owner (OFTO) through a competitive tender process. This 'Generator build' option was in addition to the 'OFTO build' approach which had already been proposed by Ofgem.

Following Ofgem consultations in August 2010² and November 2010³, it was agreed to provide OFTO and Generator build options. It was recognised that relevant industry code changes would need to be made to place obligations on an offshore generator that wishes to undertake activities otherwise undertaken by an OFTO in order to require that generators construct transmission assets to the standards required of all other OFTOs.

The November 2010 consultation also explained that due to the challenging timetable for delivery of code changes, Ofgem would prioritise making changes to the User facing codes (CUSC and Grid Code) using the Secretary of State's existing powers before they expired on 18 December 2010. As such, it was proposed that the STC changes should be progressed through normal governance process.

Proposal

Changes to the STC are required to implement the OFTO and Generator build options in full. Many of the proposed changes relate to operational and planning requirements that are consequential to or affected by the proposed changes to the CUSC and the Grid Code.

3. Description of Issue or Defect that Proposed Amendment seeks to Address

Following the implementation of these Generator Led (OFTO and Generator build) changes to the Grid Code and CUSC, the STC now needs to be changed to reflect the possibility that an offshore generator may have responsibility for the design and build of an offshore transmission network.

4. Impact on the STC

Section B - Governance

The undertaking of Offshore Transmission System Developer User Works (OTSDUW) by an offshore generator would require an addition to the Party Entry Processes requirements to recognise changes to the documentation to be provided, or entered into by an Offshore Transmission Owner (OFTO).

Section C - Transmission Services and Operations

Transmission Owners provide Transmission Services (regarding planning, development, operation and maintenance of its Transmission System) to NGET. There would be

¹ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=16&refer=Networks/offtrans/pdc/cdr/Cons2010>

² <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=20&refer=Networks/offtrans/pdc/cdr/Cons2010>

³ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=85&refer=Networks/offtrans/pdc/cdr/Cons2010>

recognition in the case of offshore generators undertaking OTSDUW that the offshore generator has undertaken some of this planning and development work. Parties may wish to set out the date by which various STC agreements that apply at the Connection Point, such as the Interface Agreement, shall be entered into in the absence of a Completion Date set out in a TO Construction Agreement. This date should consider the timeline for the appointment of an OFTO through the Tender Process and the Offshore Transmission System User Assets (OTSUA) Transfer Date. Amendment will be needed to require NGET to provide the Offshore Transmission Owner/Onshore Transmission Owner with the data and information it needs to enter into the Services Capability Specification. This information is to be provided by the Generator undertaking OTSDUW, under clause 17 of the CUSC Construction Agreement (Schedule 2 Exhibit 3A).

Section D - Planning Co-ordination

Amendment would be required to recognise the impact on Transmission System planning and Investment planning of the connection of OTSUA and the undertaking of offshore generator build through OTSDUW. Amendment will also be required to allow for the sharing of information relating to OTSDUW between STC parties to inform Transmission Investment Plans. Amendment will be required to require NGET to provide the Offshore Transmission Owner/Onshore Transmission Owner with the data and information it needs to enter into the various agreement provided for in the STC, Connection Site Specifications relating to changes in assets, and Transmission Interface Site Specifications relating to changes in interface assets. This information is to be provided by the Generator undertaking OTSDUW under clause 17 of the CUSC Construction Agreement (Schedule 2 Exhibit 3A). This amendment may also include NGET providing the Offshore Transmission Owner/Onshore Transmission Owner with the information it needs to enter into the Site Responsibility Schedule. The process regarding construction applications and projects would be amended to include the impact on construction planning assumptions of offshore generator build. Section D would also be amended to recognise that an OFTO would not be expected to undertake the construction of high voltage assets and the impact of this on the TO Construction Agreement. We would expect the OFTO would be required to enter into an agreement with the NGET to provide Transmission Services. As such, an amendment would be required to set out the relevant documentation to be provided by or entered into by an OFTO where the generator has undertaken the OTSDUW. Parties may wish to set out the date by which various STC agreements that apply at the Interface Point, such as the Transmission Interface Agreement, Transmission Interface Site, safety rules etc shall be entered into in the absence of a Completion Date set out in a TO Construction Agreement. This date should consider the timeline for the appointment of an OFTO through the Tender Process and the OTSUA Transfer Date. Amendment may also be required to confirm which site safety rules would apply during the construction of OTSDUW and in which circumstances. This amendment should be consistent with any relevant amendment to the Grid Code.

Section G - General Provisions

The STC sets out the circumstances in which rights, powers, duties and obligations of a party under the code, the STC Framework Agreement and any TO Construction Agreement may be transferred or sub-contracted. The STC would be amended to provide that the undertaking of OTSDUW does not constitute sub-contracting by a Transmission Owner to the offshore generator that builds them. The Offshore Transmission Owner would take responsibility for the OTSUA once they are transferred by the offshore generator.

Section H - Disputes

The STC provides for the parties to escalate and seek resolution of Disputes. Section H would be amended to include Disputes in relation to documentation to be provided by the Offshore Transmission Owner in relation to OTSUA.

Section J - Interpretation and Definitions

The STC would be amended to include definitions associated with offshore generator build, including the introduction of a number of new terms, for example, Offshore Transmission System Developer User Works (OTSDUW) and Offshore Transmission System User Assets

(OTSUA).

Schedule 3 - Information and Data Exchange Specification

No drafting has been proposed for this Schedule yet. NGET shares Generator data with Transmission Owners to enable them to plan their network. For Generators undertaking the Generator build option, they will arguably require the same information. We are seeking views from the STC Committee and Grid Code Review Panel as to whether any issues are foreseen with this sharing of information.

Schedule 5 - NGET Connection Application

This Schedule would be amended to set out the detailed information to be included in a connection application by NGET submitted to a Transmission Owner pursuant to Section D Part 2 regarding an OTSDUW build application, for example, the scope and extent of the OTSDUW to be undertaken by the offshore generator, details of the New Connection Site and of any proposed Transmission Interface Site.

Schedule 9 - TO Construction Terms

This Schedule includes the pro forma terms for a TO Construction Agreement between NGET and an Offshore Transmission Owner undertaking works at a relevant connection site. The Schedule would be amended to recognise those activities constituting OTSDUW and assets which are OTSUA and where these are included, or excluded, as part of the Construction Agreement terms.

5. Impact on other frameworks e.g. BSC, CUSC, Grid Code

None

6. Impact on Core Industry Documentation

None

7. Impact on Computer Systems and Processes used by STC Parties

Some STCPs may require changes to reflect changes in this proposal. Any STCP changes identified will be progressed under the STCP governance process.

8. Details of any Related Modifications to Other Industry Codes

Generator Led changes which have already been implemented for the CUSC and Grid Code.

9. Justification for Proposed Amendment with Reference to Applicable STC Objectives

Amending the STC as described above will mean that the following objectives are better facilitated:

STC Objectives

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

Supports the development of the enduring offshore regime through the refinement of build options.

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

Improves the development of an efficient, economical and co-ordinated system of electricity transmission by providing offshore generators with more control over the design and construction of the assets which will connect them to the National Electricity Transmission System.

(c) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the distribution of electricity;
Improves flexibility in build choices which allows for increased participation in the market which should improve competition.

(f) facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system.
Improved facilitation of access by providing offshore generators with more control over the design and construction of the assets which will connect them to the National Electricity Transmission System.

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	Thomas Derry National Grid Electricity Transmission plc 01926 654208 Thomas.Derry@uk.ngrid.com
Details of Representative's Alternate Name Organisation Telephone Number Email Address	Audrey Ramsay National Grid Electricity Transmission plc 01189 363633 Audrey.Ramsay@uk.ngrid.com
Attachments (Yes): Draft STC 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:

Lucy Hudson
 STC Committee Secretary
 Regulatory Frameworks
 National Grid
 National Grid House
 Warwick Technology Park
 Gallows Hill
 Warwick, CV34 6DA

Or via e-mail to: Lucy.Hudson@uk.ngrid.com