

STC Modification Proposal Form

CM054

1. Title of Modification Proposal

Code Governance Review (Phase 2): Fast-Track Self-Governance

2. Description of the Proposed Modification

Background

In November 2007, Ofgem initiated Code Governance Review (CGR Phase 1) which sought to address concerns that the existing code arrangements may be too complex and inaccessible to smaller market participants. Following initiation of CGR (Phase 1), Ofgem proposed to prioritise changes to the CUSC, UNC and BSC as most major policy reform is achievable through the modification of these codes. Ofgem published their final proposals and a consultation on the proposed licence drafting on 31 March 2010. These changes were implemented into their respective codes at the end of 2010.

In April 2012, Ofgem announced their intention to initiate a Code Governance Review (CGR Phase 2) which would look at extending the arrangements introduced to the CUSC, UNC and BSC to the other codes. Following on from this, Ofgem published a consultation on their CGR (Phase 2) Proposals in September 2012.

Ofgem announced their CGR (Phase 2) final proposals on 27 March 2013. This second phase focused on extending the CGR conclusions to further industry codes, and included:

- Extending the scope of Self-Governance across codes;
- Applying Significant Code Review procedures uniformly, allowing for holistic cross-code reviews; and
- Improving and aligning code administration practices

<http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Pages/GCR.aspx>

Proposal

This Modification Proposal seeks to introduce a new Fast-Track Self-Governance process for those modifications which are deemed to have non material changes or impacts to the following;

- Customers
- Competition
- Security of Supply
- Sustainable Development

This Modification Proposal would enable the STC Modification Panel (the "Panel") to make a decision on whether Fast-Track Self-Governance be applied based on the content of the Modification Report. It is judged that the 'Fast-Track' process should be implemented for very minor changes such as updating names and addresses, minor typographical errors or other formatting errors. The Panel can then specify the corrective action that it believes is required to be taken without need to consult with industry parties and follow the normal Self-Governance modification process.

National Grid purposes the following modification to the STC to insert the following process;

1. Where a change can reasonably be considered to simply reflect a matter of a fact and a housekeeping modification is required as a result of some error or factual

change, the modification would be considered as Fast-Track Self-Governance. Examples including;

- Updating names or addresses listed in the STC;
- Correcting minor typographical errors;
- An incremental change to references following an insertion of text,
- Correcting formatting and consistency errors; and
- Updating out of date references to documents or paragraphs.

2. The proposer would provide their rationale for Fast-Track Self-Governance within a newly developed 'Fast-Track Self-Governance Report' and the Panel would use this to base their final decision on implementation. The STC Modification Panel may still consider the Fast-Track Self-Governance route for a Modification Proposal, regardless of whether the proposer has indicated this.
3. Following submission of the Fast-Track Self-Governance Report to the Panel, the Panel would discuss and provide a degree of examination before voting on whether the modification should be implemented.
4. The Panel would need to be unanimous in their voting. If the Panel were not unanimous this would be an indication that the change is not manifestly obvious or a clear matter of fact, and would therefore be raised using the normal modification process (Authority Decision) or through Self-Governance (Panel Decision including Industry Consultation).
5. Where the Panels voting are unanimous and the Fast-Track Self-Governance process is taken, the Fast-Track Self-Governance Report would be updated to include the views of the Panel and published on the next business day after the Panel meeting.
6. Up to and including 15 business days from the Panel determination, a party or the Authority may object to the Panels determination on the Fast-Track Self-Governance.
7. If an objection occurs, the implementation of Fast-Track Self-Governance would automatically be suspended and discussed at the next Panel meeting. The nature of the obligation would determine whether the Modification Proposal follows the normal Self-Governance route or follows the standard modification process and is sent to the Authority for determination.

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

CM054 seeks to implement the Fast-Track Self-Governance aspect of the Code Governance Review (Phase 2) proposals and meet the new requirements under the modified electricity transmission licence.

4. Impact on the STC

Changes could be required to:-

Section B - Governance;

Section J - Interpretation & Definitions; and

A new STC Procedure

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

None identified

6. Impact on Core Industry Documentation

None identified

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

None identified

8. Details of any Related Modifications to Other Industry Codes

None identified

9. Justification for Proposed Modification 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;*

The proposed changes to the STC will allow the transmission licensees to meet the new obligations imposed upon them through the transmission licence which have resulted from the second phase of Code Governance Review.

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

The proposed changes are neutral to this objective.

(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;*

The proposed changes are neutral to this objective.

(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;*

The proposed changes are neutral to this objective.

(e) *promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC; and*

The introduction of a Fast-TrackSelf-Governance process will promote good industry practice by aligning the STC with other industry codes. This will also enable code changes to occur in a timely and efficient manner, reducing delay on implementation.

(f) *facilitation of access to the national electricity transmission system for generation not yet connected to the national electricity transmission system or distribution system.*

The proposed changes are neutral to this objective.

Details of Proposer
Organisation's Name

National Grid Electricity Transmission plc

Capacity in which the Modification 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	Damien McCluskey National Grid Electricity Transmission plc 01926 656034 damien.mccluskey@nationalgrid.com
Details of Representative's Alternate Name Organisation Telephone Number Email Address	Audrey Ramsay National Grid Electricity Transmission plc 01189 363633 audrey.ramsay@nationalgrid.com
Attachments (Yes): Appendix A – Fast-Track Self-Governance Flow Diagram	

Notes:

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

The completed form should be returned to:

Lucy Hudson
STC Modification Panel Secretary
Electricity Regulatory Frameworks
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick, CV34 6DA
E-mail to: Lucy.Hudson@nationalgrid.com

Appendix A – Fast-Track Self-Governance Flow Diagram

