

STC Modification Proposal Form

CM053

1. Title of Modification Proposal

Code Governance Review (Phase 2): The Send Back Process

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 into the STC one of the proposals highlighted in CGR (Phase 1), the Send Back process. National Grid propose to introduce the ability for the Authority to 'send back' a Modification Report in instances where we are unable to make a decision based on, for example, a technical flaw or deficiency in the analysis.

This Modification Proposal would enable the Authority to send back a Modification Report to the STC Modification Panel (the "Panel") in circumstances where the Authority considers that it is unable to form a decision based on the content of the Modification Report. It is judged that the 'send back' provisions will provide an effective safeguard against the Authority being placed in a position where it is unable to approve a modification owing to deficiencies in the report such as insufficient assessment, incorrect legal text or other technical issues. The Authority can then specify the action that it believes is required and the modification process would allow for corrective action to be taken.

The send back process provides flexibility to allow for any situation and for the Panel to re-make a recommendation based upon work carried out.

National Grid proposes the following modifications to the STC to have the following process:

1. Following submission of a final Modification Report to the Authority, the Authority may 'send back' the report if it is unable to form an opinion for the reasons detailed

above and may issue a direction to the Panel specifying the steps, revision, analysis or information it requires in order to form an opinion.

2. The Panel considers the Authority's direction at its next STC Modification Panel meeting and makes a direction on the course of action required and the timetable to which it must work to, as agreed by the Authority.
3. The course of action would depend on the Authority's direction. If the direction is detailed and gives specific steps and timescales, the Panel would follow this and take actions as appropriate. If the direction is not detailed, the Panel would make their own recommendations in terms of the next steps and timescales.
4. Once the necessary changes have been made to the Modification Report, the STC Panel Secretary would re-submit the Modification Report to the Authority.

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

Revisions are required to Section B of the STC. At present once a Modification Report has been submitted by the STC Panel to the Authority, there is no process for the Authority to send the Modification Report back to the Panel requesting further analysis or information to enable a determination to be made.

4. Impact on the STC

Changes would 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 the Send Back 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: Send Back Process Flow Diagram	

Notes:

- 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.
- 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 - Send Back Process Flow Diagram

