

A Summary of the System Operator – Transmission Owner Code



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A SUMMARY OF THE SYSTEM OPERATOR – TRANSMISSION OWNER CODE

Forward

This document provides a summary of the System Operator Transmission Owner Code (STC), which sets out the obligations and responsibilities of the Transmission Owners (TOs), and the GB System Operator (GBSO), which are required to facilitate British Electricity Trading and Transmission Arrangements (BETTA).

The STC makes provision for certain interactions between the TOs and GBSO under BETTA:

- The Transmission Owners providing Transmission Services to the GB System Operator
- Directions from the GB System Operator to configure the GB Transmission System
- Transmission Outage Planning
- Joint Transmission Investment Planning
- Governance of the STC and amendments to it
- Dispute resolution

The STC was designated by the Secretary of State on 1st September 2004 (BETTA Go Active Date) and will be implemented on 1st April 2005 (BETTA Go Live Date).

This summary along with the full STC and further information relating to the STC is available on the code web site www.nationalgridinfo.co.uk/stc.

National Grid endeavours to keep this document as up to date as possible however given the flexible STC governance processes it is possible that at any particular moment in time this document may not fully represent the most up to date position.

This document is in 3 parts:

- Part 1 - A general introduction to the structure of the STC
- Part 2 - An overview of the STC
- Part 3 - An overview of the amendment process contained in the STC

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THE PARTIES

Transmission Licensees are required to be party to the STC Framework Agreement and comply with the STC.

The current STC parties are:

GB System Operator

- National Grid Electricity Transmission Plc (NGET)

Transmission Owners

- Scottish Hydro-Electric Transmission Limited (SHETL)
- SP Transmission Limited (SPTL)

New parties may accede to the STC in accordance to Section B, paragraph 3 of the STC.

Part 1 – General Introduction

The STC is the legal document, which forms the contractual framework for the interaction between the Transmission Licensees under BETTA.

National Grid is required by the terms of its Transmission Licence to produce this summary. The summary does not form part of the STC and has no legally binding effect.

The STC Documentation

The STC documents are briefly described below:

STC

The STC is a licence based code, describing the Transmission Licensees' obligations and interactions.

STC Framework Agreement

The STC Framework Agreement gives contractual effect to the licence based STC. All Transmission Licensees must accede to the STC Framework Agreement.

STC Accession Agreement

This is the agreement that all parties need to sign in order to be admitted as an additional party to the STC Framework Agreement.

Charging Statements

Certain obligations in the STC refer to the Charging Statements, such that although they do not form part of the STC, their terms are relevant to a number of STC obligations.

Part 2 – Overview of STC

This section contains further information on the System Operator Transmission Owner Code. The STC can be divided into two main sections:

1. **The STC** – The main body of the STC is divided into 10 sections all of which will be applicable to the Transmission Licences.
2. **STC Schedules** – The schedules describes how the STC will function in an operational environment. This includes a list of all the STC procedures and provides additional clarity on charges, information and data exchange.

The following parts of this STC summary describe each of the above sections in more detail.

1. The STC

Section A – Applicability of Sections and Code Structure

Section A sets out the code structure and what constitutes a STC Procedure. It also deals with the provision of code publication and access.

Section B - Governance

Section B deals with the admission and withdrawal of parties to the STC and details the arrangements for the establishment and the STC Committee and its governance structure.

It describes the process for making an amendment to the STC following a proposal by a STC Party or a representative designated by the Authority to make a change. All amendment proposals are ultimately considered by the Authority, which may direct changes to be made in line with an amendment proposal (for further details see Part 3 of this document).

Section C – Transmission Service and Operations

Section C details the service and operations obligations of the TO and NGET. The section is split into three parts: Provision of Transmission Services, Transmission Outage Planning and Other.

Part One deals with the provision of Transmission Services by the TO to NGET and NGET's operational obligations in coordinating and directing the flow of electricity onto and over the GB Transmission System.

In particular it sets out the processes for specifying technical limits (Operational Capability Limits (OCL)) associated with the capabilities of the GB Transmission System, for which a TO has responsibility, and developing and implementing Service Restoration Proposals in the event the actual technical capability of the GB Transmission System (or part thereof) falls below a stated OCL.

Part Two deals with the placement and implementation of Outages on the GB Transmission System. It details the processes for the coordinated development of TO Outage Proposals and NGET Outage Plans for the GB Transmission System.

Part Three deals with a variety of issues such as Testing, Event Reporting and Joint Investigations, Black Start and Training.

Section D – Planning Co-ordination

Section D deals with planning co-ordination of the TO Transmission Systems. The section is split into two parts: Transmission Planning and Construction.

Part One deals with the planning and development of the TO's Transmission System and the relevant parts of the GB Transmission System.

Part Two deals with the arrangement between NGET and TOs regarding Construction Projects which may have an impact on the TO Transmission Systems and also the procedures to be followed when an User disconnects from a TO's Transmission System.

Section E – Billing and Payment

Section E sets out which elements of the TO Charges, are payable by NGET, to the Transmission Owners (detailed description and method of calculation are referred to in Schedule 10 and the appropriate party's TO Charging Methodologies). It also details the invoicing and payment arrangements (including interest on late payments) for TO Charges and the process for dealing with Disputes.

Section F – Communication and Data

Section F deals with the complex issue of confidentiality. It details the circumstances when confidential information may be disclosed to a third party and the rules governing when a party may provide information to a Transmission Owner.

The section interacts with Schedule 3, which sets out what information and data may be disclosed by a Party to a TO.

Section G

Section G contains those provisions, which are generic, but which do not relate directly to the specific areas dealt with in other sections of the STC. These including safety and environment, limitation of liability for the Code Parties, third party rights, transfer and subcontracting of Parties rights and obligations and other provisions which define the legal and contractual relationship between the Parties.

Section H – Dispute Resolution

Section H sets out how disputes under the STC are to be dealt with. It deals with non-compliance to any of the STC sections and schedules. Depending on the type of dispute the matter will be referred to the Authority or to Arbitration.

Section I - Transition

Section I describes the processes which the STC Parties have to undertake during the Transition Period to assist in the preparation of those matters which are effective on or after the Go Live date.

Section J – Interpretation and Definitions

Section J sets out the general rules to be applied in interpreting the STC and TO Construction Agreements. It also sets out many of the defined terms used by the Code.

2. Schedules

The schedules form part of the STC documentation and contain amongst other items pro-forma agreements that may be entered into by relevant Parties allowing them to discharge certain obligations placed upon them by the STC.

An overview of the STC Schedules is as follows:

Schedule 1 – The System Operator – Transmission Owner Code Accession Agreement

This is the agreement that all Parties need to sign in order to be admitted as an additional party to the STC Framework Agreement.

Schedule 2 – List of Code Procedure

Contains a comprehensive list of all approved STC Procedures (STCPs). The STCPs may be created and amended in line with Section B, paragraph 7.3 of the STC.

Schedule 3 – Information and Data Exchange Specification

This schedule sets out the information and data permitted to be disclosed by a Party to a Transmission Owner in accordance with Section F of the STC.

Schedule 4 – Criteria for Assessing Those Transmission Systems Affected by a Construction Project

Schedule 4 sets out the boundaries of influence on each Party's Transmission System. These set out the extent to which changes to a Party's Transmission System may impact upon another Party's Transmission System.

Schedule 5 – NGET Connection Applications

Sets out the basic data requirements to be contained in a NGET Connection Application that is submitted to a TO by NGET.

Schedule 6 – NGET Modification Applications

Sets out the basic data requirements to be contained in a NGET Modification Application that is submitted to a TO by NGET.

Schedule 7 – System Construction Applications

Sets out the basic data requirements to be contained in a System Construction Application that is submitted to a TO by NGET.

Schedule 8 – TO Construction Offer

Sets out the pro-forma forms for a TO Construction Offer submitted by a TO to NGET where a TO decides Construction Works are required following receipt and consideration of either a NGET Connection Application, NGET Modification Application or System Construction Application. (The TO Construction Agreement (Schedule 9) complements the TO Construction Offer).

Schedule 9 – TO Construction Terms

Schedule 9 contains a pro-forma TO Construction Agreement (TOCA) which NGET and the relevant TO will enter into alongside acceptance by NGET of the TO Construction Offer.

Schedule 10 – Charging

This schedule contains a description and method of calculating charges in accordance with Section E of the STC.

Part 3 – Overview of the STC Amendment Process

Section B sets out the provisions for bringing about an Amendment to the STC. A STC Party or a person who has a relevant interest (must be designated by the Authority) can submit an Amendment Proposal, which must contain the relevant information (specified in Section B) to the STC Committee Secretary.

This Amendment Proposal and its corresponding evaluation and assessment is then overseen by the STC Committee.

The Committee Members

The STC Committee is comprised of the following membership:

- Chair – is a senior manager from one of the STC parties. The appointee to the position will be changed annually and rotated amongst the STC parties.
- Two representatives from each of the STC Parties
- Committee Secretary provided by NGET.

In addition, representative(s) of the Authority may attend the STC Committee meetings as observer(s).

Amendment Process

Proposals to amend the STC are submitted to the Committee Secretary for consideration by the Committee.

If the STC Committee decides that any of the Parties require additional information, the Committee may refer the Proposed Amendment or any Alternative Amendment for evaluation.

Each Party may propose one Alternative Amendment during the evaluation phase. No Alternative Amendments may be proposed once the Amendment moves into the Assessment and Report Phase.

It is the aim of the evaluation phase to provide each STC Party with sufficient information such that it can assess whether the Proposed Amendment or any Alternative Amendments would better facilitate the achievement of the Applicable STC Objectives.

After any evaluation phase, the Amendment Proposal proceeds to the Assessment and Report Phase. The Committee commissions from each of the STC Parties an analysis and impact assessment of the Proposed Amendment and any Alternative Amendment Proposals.

Following the analysis and impact assessment from the Parties, the Committee Secretary prepares an Amendment Report on the Proposed Amendment and any Alternative Amendments proposed during the Evaluation Phase.

The Amendment Report is then circulated to all Parties who may have an interest in the Amendment and any Alternative Amendments.

The interest parties will have the opportunity to comment on the Amendment Report. Upon receipt of any responses, the Committee Secretary will finalise the Amendment Report for submission to Ofgem.

The requirements of an Amendment Report are detailed in Section B of the STC. The Amendment Report is also copied to the relevant parties and published on the National Grid Industry Information website.

The Authority then determines whether the Amendment Proposal, or any Alternative Amendment, as developed through the process, should be approved for implementation.

Urgent Amendment Proposals

From time to time, a STC Party may recommend to the Committee that an Amendment Proposal should be designated as an Urgent Amendment Proposal.

If a Proposer recommends that their Proposal be given urgent treatment, the Committee will put forward a recommendation to the Authority regarding the status of the amendment proposal but the final decision rests with the Authority.

An Urgent Amendment Proposal can, with the approval of the Authority, deviate from the 'normal' Amendment Procedures either in part or in full.

The Authority will determine whether the Urgent Amendment Proposal should be approved for implementation.

Figure 1 – Amendment Proposal Process

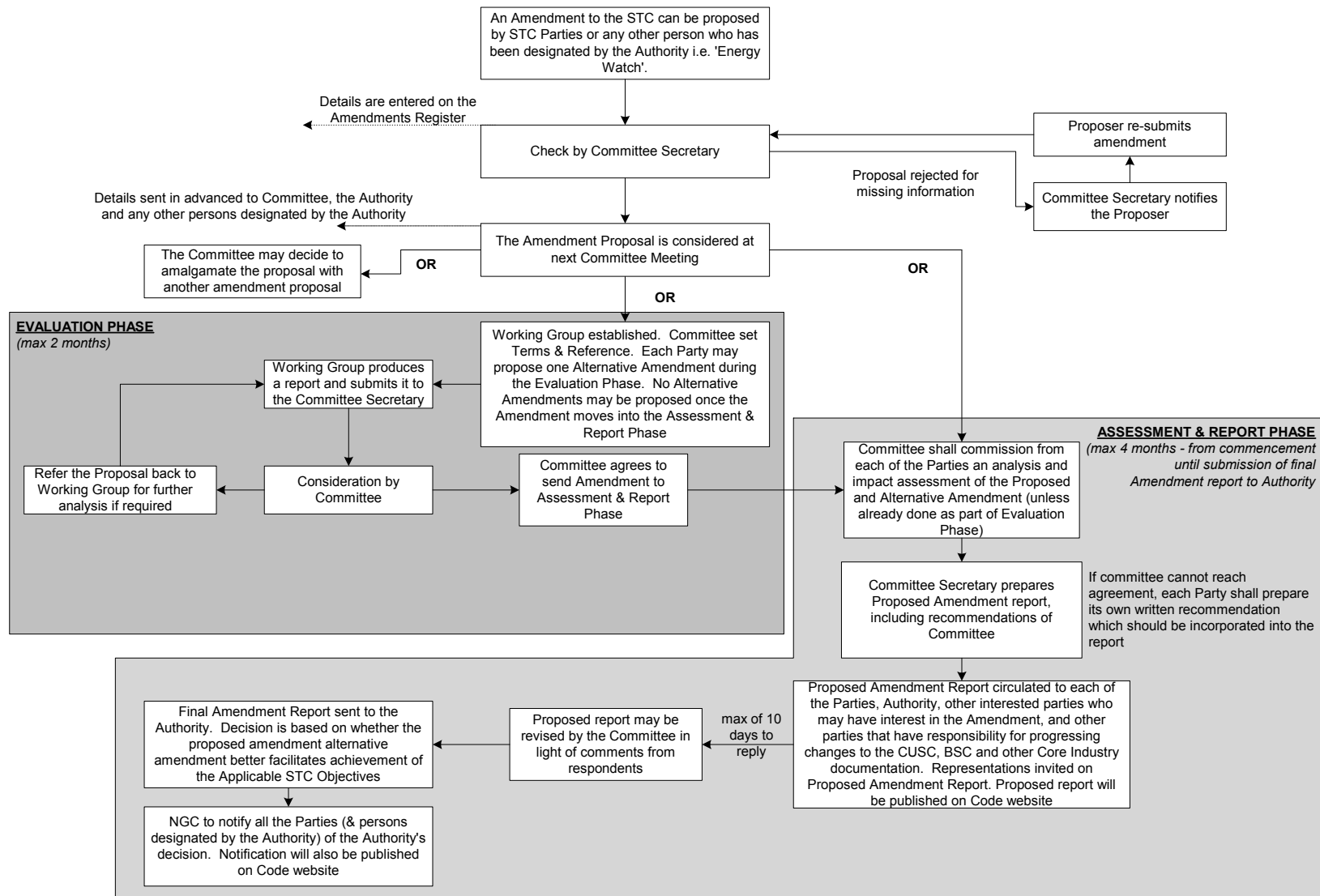


Figure 2 – Urgent Amendment Proposal Process

