

**VERSION FOR INDUSTRY
CONSULTATION**

Responses should be sent to
bali.virk@uk.ngrid.com
on or before
12th September 2007

PROPOSED AMENDMENT REPORT

STC Proposed Amendment CA024

**Clarification of Construction Planning
Assumptions Data Requirements**

*The purpose of this report is to assist the Authority
in their decision of whether to implement
Amendment Proposal CA024*

Amendment Ref	CA024
Issue	1.0
Date of Issue	29 th August 2007
Prepared by	STC Committee

I DOCUMENT CONTROL**a STC Document Control**

Version	Date	Author	Change Reference
0.1	13/03/07	STC Committee	Draft for STC Committee
1.0	29/08/07	STC Committee	Draft for Industry Consultation

b Document Location

National Grid Website:

<http://www.nationalgrid.com/uk/Electricity/Codes/sotocode/>

c Distribution

Name	Organisation
The Gas and Electricity Markets Authority	Ofgem
STC Parties	Various
Interested Parties	Various
Core Industry Document Owners	Various
National Grid Industry Information Website	

II CONTENTS TABLE

I	DOCUMENT CONTROL.....	2
	a STC Document Control	2
	b Document Location	2
	c Distribution	2
II	CONTENTS TABLE.....	3
1.0	SUMMARY AND RECOMMENDATION.....	4
2.0	PURPOSE AND INTRODUCTION	4
3.0	THE PROPOSED AMENDMENT	4
4.0	ALTERNATIVE AMENDMENTS	5
5.0	EVALUATION PHASE.....	6
6.0	STC PARTIES' ASSESSMENTS	6
7.0	IMPACT ON THE STC.....	7
8.0	IMPACT ON CORE INDUSTRY DOCUMENTS	7
9.0	STC COMMITTEE VIEWS AND RECOMMENDATION	7
10.0	IMPLEMENTATION AND TIMESCALES.....	8
11.0	INDUSTRY VIEWS AND REPRESENTATIONS.....	8
	ANNEX 1 - AMENDMENT PROPOSAL FORM	9
	ANNEX 2 – PROPOSED TEXT TO AMEND THE STC	11
	ANNEX 3 - COPIES OF COMMENTS RECEIVED ON THE PROPOSED AMENDMENT REPORT	12

1.0 SUMMARY AND RECOMMENDATION

- 1.1 STC Amendment Proposal CA024 proposes to amend Section D, Part Two to clarify the usage and provision of Construction Planning Assumptions in the evaluation of NGET Construction Applications.
- 1.2 Amendment Proposal CA024 was proposed by National Grid Electricity Transmission plc ("National Grid") and submitted for consideration to the STC Committee Meeting on Tuesday, 20th February 2007. The Committee recommended that it proceed directly to the Assessment and Report Phase.

STC Committee Provisional Recommendation

- 1.3 The STC Committee provisionally recommends that CA024 be approved for implementation.
- 1.4 Should the Authority approve CA024, the STC Committee provisionally recommends that the STC be modified 5 business days after the Authority's decision.

2.0 PURPOSE AND INTRODUCTION

- 2.1 This Proposed Amendment Report has been prepared and issued by the STC Committee under the rules and procedures specified in the System Operator – Transmission Owner Code. It addresses issues relating to the usage and provisions of Construction Planning Assumptions to Transmission Owner in the evaluation of NGET Construction Applications.
- 2.2 Further to the submission of Amendment Proposal CA024 (see Annex 1), this document is addressed and furnished to persons who have a relevant interest in the Proposed Amendment and invites views upon Amendment Proposal CA024.
- 2.3 This document outlines the nature of the STC changes that are proposed. It incorporates the STC Committee's provisional recommendation concerning the Amendment.
- 2.4 This Proposed Amendment Report has been prepared in accordance with the terms of the STC. An electronic copy can be found on the National Grid website, at <http://www.nationalgrid.com/uk/Electricity/Codes/sotocode/>.

3.0 THE PROPOSED AMENDMENT

- 3.1 The STC currently allows National Grid as GB System Operator to, as a consequence of a NGET Construction Application, provide a set of Construction Planning Assumptions which would take into account the power flows which National Grid would expect to result from the User's project for use by each Transmission Owner in the preparation of TO Construction Offers.
- 3.2 Currently Section D, Part Two of the STC stipulates that the Planning Assumptions is the data baseline against which the assessment of a NGET Construction Application should be made. The Planning Assumptions specifies National Grid's 'best view' of forecasted investment planning which is inappropriate when assessing a NGET Construction Application as it is not reflective of the contracted investment background.

- 3.3 The contracted background is the amalgamation of Grid Code data, CUSC Contracts and additional information held by National Grid on the GB Transmission System. It is this data that should be used by the Transmission Owners when assessing NGET Construction Application and against which the planning of the GB Transmission System will be undertaken.
- 3.4 It is proposed to amend Section D, Part Two, Paragraph 3.1 such that NGET Construction Applications are assessed against the 'contracted background'. This will ensure that NGET Construction Applications are accurately assessed against the relevant background and align the STC with the relevant CUSC and Grid Code provisions relating to the definition and usage of the contracted background.
- 3.5 Section D, Part 2, Paragraph 3.3 currently states in the event of a new set Construction Planning Assumptions not being generated for a NGET Construction Application, the Transmission Owner shall use the Planning Assumption as provided under Section D, Part One, Paragraph 2.2. The usage of the Planning Assumptions in this assessment is inappropriate as is not reflective of the contracted background.
- 3.6 It is proposed amend Section D, Part Two, Paragraph 3.3 such that in the event of a new set of Construction Planning Assumption not being provided for a NGET Construction Application, the previously submitted version of the Construction Planning Assumptions will become the default baseline for analysis.
- 3.7 The proposals would require amendments to Section D, Part Two, Paragraph 3.1, such that the contracted investment background becomes the baseline for the assessment of power flows on and off the GB Transmission System which may result from a NGET Construction Application. This will ensure that the Transmission Owners can assess a NGET Construction Application against the most relevant data which would result in an accurate assessment of the NGET Construction Application and provide National Grid with a comprehensive TO Construction Offer.
- 3.8 The proposals would require minor amendments to Section D, Two Paragraph 3.2, such that National Grid provides updated versions of the Construction Planning to the Transmissions Owners.
- 3.9 The proposals would require amendments to Section D, Part Two, Paragraph 3.3 such that event of a new set Construction Planning Assumptions not being provided for a NGET Construction Application, the Transmission Owner shall use the previously submitted version of the Construction Planning Assumptions to assess the implications of the NGET Construction Application on the GB Transmission System.
- 3.10 The final proposed legal text to give effect to Amendment Proposal CA024 is attached as Annex 2 of this document.

4.0 ALTERNATIVE AMENDMENTS

- 4.1 No Alternative Amendments to CA024 were submitted.

5.0 EVALUATION PHASE

- 5.1 The STC Committee considered that CA024 should be referred directly to the Assessment and Report Phase, and that an Evaluation Phase was not therefore required. In arriving to this decision, the STC Committee noted that the proposal had been discussed and agreed by the Joint Planning Committee (JPC).

6.0 STC PARTIES' ASSESSMENTS

- 6.1 This section sets out the analysis and impact assessment ("Assessment") provided by STC Parties during the Assessment and Report Phase in respect of the Proposed Amendment, in accordance with Section B, Paragraph 7.2.5.2 of the STC.

National Grid Assessment

- 6.2 National Grid is supportive of Amendment Proposal CA024, and has carried out an Assessment on the Proposed Amendment.
- 6.3 The implementation of CA024 would not have any physical impact on National Grid's Transmission System or require changes to IS systems. No additional works or monies would be required to implement the proposed change.
- 6.4 However, National Grid believes that it more relevant to consider the implications of the amendment not being approved. In National Grid's opinion, the lack of appropriate data available to the Transmission Owners to assess the change of power flows on their transmission network, resulting from a NEGT Construction Application, may potential result inaccurate investment decisions, either over or under investment and significant risk of not meeting the criteria set out in the GB SQSS.

Scottish Hydro-Electric Transmission Limited ("SHETL") Assessment

- 6.5 SHETL is supportive of Amendment Proposal CA024, and has carried out an Assessment on the Proposed Amendment.
- 6.6 The implementation of CA024 would not have any physical impact on SHETL's Transmission System or require changes to IS systems. No additional works or monies would be required to implement the proposed change.

Scottish Power Transmission Limited ("SPTL") Assessment

- 6.7 SPTL is supportive of Amendment Proposal CA024 and have carried out an impact assessment. SPTL confirms that there is no direct or short term impact on the SP Transmission network, nor would changes be required to be made to IT systems currently in place.
- 6.8 SPTL is in agreement that there is more relevance in considering the implications of no change being made to the existing arrangements and concurs that the accuracy of investment decisions may be compromised by the lack of appropriate data currently provided to the Transmission Owners.

7.0 IMPACT ON THE STC

- 7.1 The Proposed Amendment would require amendments to Section D (Planning Co-ordination), Part Two (Construction), Paragraph 3.1, such that the contracted investment background becomes the baseline for the assessment of power flows on and off the GB Transmission System which may result from a NGET Construction Application.
- 7.2 The Proposed Amendment would require minor amendments to Section D, Two Paragraph 3.2, such that National Grid provides updated versions of the Construction Planning to the Transmissions Owners.
- 7.3 The Proposed Amendment would require amendments to Section D, Part Two, Paragraph 3.3 such that in the event of a new set Construction Planning Assumptions not being generated for a NGET Construction Application, the Transmission Owner shall use the previously submitted version of the Construction Planning Assumptions to assess the implication of the NGET Construction Application on the GB Transmission System.
- 7.4 The text required to give effect to the Proposed Amendment is contained as Annex 2 of this document.

8.0 IMPACT ON CORE INDUSTRY DOCUMENTS

- 8.1 The Proposed Amendment will have a consequential impact on PC1.1 and GC12.2 of the Grid Code which permits the transfer of User data to the Relevant Transmission Licensee as specified by the STC as at 1st April 2005. At the time of BETTA Go-Live a specific reference to the 1st April 2005 version of Schedule 3 of the STC was placed in the Grid Code. As such, any amendments proposed to Schedule 3 of the STC, with respect to the exchange of User Data, would require a consequential amendment to the Grid Code.
- 8.2 An Extraordinary Grid Code Review Panel (GCRP) meeting was held on 31st July 2007 to discuss an amendment to the Grid Code such that it is reflective of the STC provisions for the exchange of User Data. At this meeting it was agreed that an interim solution would be progressed to amend the Grid Code to include a reference to the most relevant version of the STC. It was also agreed to progress discussions between the STC Committee and the GCRP regarding an enduring solution due to the fact that the governance arrangements for both codes are currently incompatible.
- 8.3 The Proposed Amendment would have no impact on any other Core Industry Documents or other industry documentation apart from the Grid Code, or require any changes to computer systems established under Core Industry Documents.

9.0 STC COMMITTEE VIEWS AND RECOMMENDATION

- 9.1 The STC Committee believes that amendment of the STC on the basis on CA024 would better facilitate achievement of the applicable STC objectives, in particular applicable STC objective (b) in that the facilitation through the STC to accurately assess a NGET Construction Application against the most relevant investment background would enable licensees to develop, maintain and operate an efficient, economical and coordinated system of electricity transmission.

- 9.2 The implementation of such provisions would also better facilitate achievement of applicable STC objective (a) as they would enable the efficient discharge by Scottish Transmission Owners of the obligations imposed upon them by their transmission licences and the Act, in particular the terms of Licence Conditions D2 which obliges them to provide transmission services to the GB System Operator.
- 9.3 Furthermore the implementation of CA024 would also better facilitate achievement of applicable STC objective (e), as the removal of the ambiguity regarding the usage and provision of Construction Planning Assumption would enable licensees to promote good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.
- 9.4 The STC Committee therefore provisionally recommends that the Authority should approve Amendment Proposal CA024 for implementation.

10.0 IMPLEMENTATION AND TIMESCALES

- 10.1 Should the Authority approve Amendment Proposal CA024, it is recommended that the STC be modified 5 business days after the Authority's decision

11.0 INDUSTRY VIEWS AND REPRESENTATIONS

- 11.1 Views are invited from industry parties upon the Proposed Amendment outlined in this Proposed Amendment Report.
- 11.2 Any representations received will be summarised in Section 11 of the Amendment Report submitted to the Authority (version 2.0 of this document), and will be reproduced in Annex 3.

Annex 1 - Amendment Proposal Form**STC Amendment Proposal Form****CA024**

<p>1. <u>Title of Amendment Proposal</u> Clarification of Construction Planning Assumption Data Requirements</p>
<p>2. <u>Description of the Proposed Amendment</u> <i>(mandatory field)</i> Amend Section D, Part 2, Paragraph 3.1 such that the baseline for assessing NGET Construction Applications is the 'contracted background' as described in PC.5.4 of the Grid Code. Amend Section D, Part 2, Paragraph 3.3 such that the latest submitted version of the 'contracted background' becomes the default data to be when assessing a NGET Construction Application.</p>
<p>3. <u>Description of Issue or Defect that Proposed Amendment seeks to Address</u> <i>(mandatory field)</i> Section D, Part 2, Paragraph 3.1 of the STC specifies that the Planning Assumptions is the baseline for assessing a NGET Construction Application. Planning Assumptions is not an appropriate baseline for assessing a NGET Construction Application as it does not reflect the contracted investment background as described in the Grid Code. It is proposed that to amend the current provisions such that NGET Construction Applications are assessment against the 'contracted background' as outlined in the Grid Code and allow the appropriate transfer of relevant data. This will ensure that the STC is aligned with the relevant CUSC and Grid Code provisions relating to the definition and usage of the 'contracted background'. Current STC provisions state that in the event of Construction Planning Assumptions not being submitted with a NGET Construction Application, the TO shall use the Planning Assumptions. The proposed amendment seeks to clarify the default data arrangements in the event of Construction Planning Assumptions not being submitted with a NGET Construction Application. It is proposed to amend the current provision such that the latest submitted version of the 'contracted background' will become the default baseline.</p>
<p>4. <u>Impact on the STC</u> <i>(information should be given where possible)</i> Changes to Section D, Part 2, Paragraph 3.1 and 3.3 are required.</p>
<p>5. <u>Impact on other frameworks e.g. CUSC, BSC</u> <i>(information should be given where possible)</i> None</p>
<p>6. <u>Impact on Core Industry Documentation</u> <i>(information should be given where possible)</i> None</p>
<p>7. <u>Impact on Computer Systems and Processes used by STC Parties</u> <i>(information should be given where possible)</i> None</p>
<p>8. <u>Details of any Related Modifications to Other Industry Codes</u> <i>(where known)</i> None</p>
<p>9. <u>Justification for Proposed Amendment with Reference to Applicable STC Objectives</u> <i>(mandatory field)</i> Amending the STC in this manner would mean that Transmission Owners would continue to be able to efficiently discharge the obligations imposed on them by transmission licences and the Act. It would also facilitate the development of an efficient, economical and coordinated system of electricity transmission.</p>

Details of Proposer Organisation's Name	National Grid Electricity Transmission plc
<i>Capacity in which the Amendment is being proposed</i> (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	Bec Thornton National Grid Electricity Transmission plc 01926 656386 Bec.Thornton@uk.ngrid.com
Details of Representative's Alternate Name Organisation Telephone Number Email Address	John Zammit-Haber National Grid Electricity Transmission plc 01926 655389 John.Zammit-Haber@uk.ngrid.com
Attachments (Yes/No): No If yes, title and number of pages of each attachment:	

Notes:

1. 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.
2. 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:

Lilian Macleod
STC Committee Secretary
Commercial Frameworks
National Grid
National Grid House
Warwick Technology Park
Gallows Hill
Warwick, CV34 6DA

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

Annex 2 – Proposed Text to Amend the STC

Section J – Interpretation and Definitions

Amend the existing definition of Construction Planning Assumptions

Construction Planning Assumptions ~~as defined in Section D, Part Two, Paragraph 3.1~~

The background comprising information held by NGET relating to the GB Transmission System, [and User System(s) (as appropriate)], including data submitted pursuant to or included within the Grid Code, CUSC Contracts and any other data held by NGET.

Insert new definition

CUSC Contract as defined in the Grid Code

Section D (Planning Co-ordination), Part Two

Delete existing Paragraph 3.1 and insert the following:

- 3.1 NGET shall prepare and update **Construction Planning Assumptions** from time to time and shall promptly provide such new or updated Construction Planning Assumptions to Transmission Owners to assist in the preparation of TO Construction Offers. Such Construction Planning Assumptions shall only be used by each Transmission Owner in preparation of TO Construction Offers.

Amendment Paragraph 3.2 as follows:

- 3.2 If NGET generates an updated set of Construction Planning Assumptions pursuant to paragraph 3.1, it shall ~~do so as soon as reasonably practicable and, in any event, within five Business Days of the User Application Date and shall:~~
- 3.2.1 immediately provide to each Transmission Owner such parts of the set of Construction Planning Assumptions as NGET reasonably determines are likely to materially affect such Transmission Owner's Transmission System; and
- 3.2.2 at the same time as Construction Planning Assumptions are provided to any Transmission Owner(s) pursuant to sub-paragraph 3.2.1, either:
- 3.2.2.1 identify the NGET Construction Application already submitted to such Transmission Owner under sub-paragraphs 2.2.1 or 2.2.2 to which the Construction Planning Assumptions relate; or
- 3.2.2.2 submit a new NGET Construction Application to such Transmission Owner pursuant to sub-paragraph 2.2.3.

Amend Paragraph 3.3 as follows:

- 3.3 NGET shall notify each Transmission Owner which receives an NGET Construction Application as soon as reasonably practicable and, in any event, within two Business Days of the User Application Date, if it does not intend to generate a set of Construction Planning Assumptions in respect of the relevant Construction Project. **In such circumstances** NGET shall specify the relevant Construction Planning Assumptions which it has previously provided to the relevant Transmission Owner and the data of such provisions which ~~. Following such notice the general Planning Assumptions provided to Transmission Owners pursuant to Section D, Part One, paragraph 2.2 shall be deemed to also be the Construction Planning Assumptions for the purposes of such Construction Project.~~

Annex 3 - Copies of Comments Received on the Proposed Amendment Report

This Annex includes copies of any representations received following circulation of the Proposed Amendment Report (circulated on [date], requesting comments by close of business on [date]).

Representations were received from the following parties:

No.	Company	File Number
1		CA024-AR-01