

Amendment proposal:	System Operator (“SO”) – Transmission Owner (“TO”) Code (“STC”) CA028: Amendment to Governance Framework Timescales		
Decision:	The Authority ¹ directs that this proposal be made ²		
Target audience:	National Grid Electricity Transmission PLC (NGET), Parties to the STC and other interested parties		
Date of publication:	28 January 2008	Implementation Date:	4 February 2008

Background to the amendment proposal

The STC Code defines the high-level relationship between the GB System Operator³ and the Transmission Owners⁴.

Section B, of the STC sets out the governance arrangements for the code. Along with the rules governing the constitution of the STC panel and the admission of new parties, Section B part seven details the procedure for the management of code change amendments.

Currently, following the assessment phase of a proposed amendment report there is a consultation period of 10 business days during which time interested parties may make representations.

Users of the transmission network have raised concerns that 10 business days is not sufficient to consider and respond to proposed amendments.

The proposed Amendment

To address Users’ concerns NGET has proposed that the consultation phase be extended to a maximum period of one month and that the Assessment and Report phase be extended to a maximum of five months.

The proposed amendment is supported by NGET and both Transmission owners.

Responses to the STC Committee consultation

The STC committee undertook a consultation on Amendment Proposal CA028 and received one response. In supporting the proposal the respondent was of the view that these extended timescales will allow more complicated amendments to receive an appropriate level of scrutiny and, in addition align the STC change timescales with those of other industry codes.

STC Committee⁵ recommendation

¹ The terms ‘the Authority’, ‘Ofgem’ and ‘we’ are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ National Grid Electricity Transmission (NGET).

⁴ Scottish Power Transmission Limited and Scottish Hydro Electric Transmission Limited.

⁵ The STC Committee is established and constituted from time to time pursuant to and in accordance with the section B6 of the STC.

The STC Committee recommended that the Amendment Proposal CA028 should be implemented and that implementation should occur five business days after the Authority's decision.

The Authority's decision

The Authority has considered the issues raised by the Proposed Amendment and the final Amendment Report CA028. The Authority concluded that:

1. Implementation of the amendment proposal would better facilitate the achievement of the applicable objectives of the STC;⁶ and
2. Directing that the amendment be made is consistent with the Authority principal objectives and statutory duties.⁷

Reasons for the Authority's decision

Having considered the Amendment Report in the context of the applicable STC objectives and its statutory duties, Ofgem considers that the Proposed Amendment would better facilitate the achievement of applicable objective (b), '*the development, maintenance and operation of an efficient, economical and co-ordinated system of electrical transmission*', as it will ensure that sufficient time will be available to parties to undertake a thorough consideration of change proposals coming forward.

The Assessment phase allows all parties to the STC to undertake an impact assessment of the change proposal. Where a proposal is complex or may have a material impact on the TO or SO then the ability to extend this phase to five months will be beneficial to allow a detailed scrutiny of the proposal.

The consultation phase is when interested parties have an opportunity to review and assess the change proposal and how the proposal may impact on them. Again, where a complex proposal may arise 10 business days may not be sufficient time for a party to undertake a full and thorough assessment of such a proposal. It should be noted that where a change proposal is not contentious the Panel has the ability to reduce the length of time necessary for the both the Assessment Phase and the consultation phase.

Ofgem is currently undertaking a review of the industry's code governance arrangements. One of the issues that led to this review was a concern that insufficient consideration and analysis had been undertaken on a modification proposal prior to the final modification being sent to Ofgem for a decision. It is Ofgem's view that the proposal should also give the STC Panel the flexibility to extend consultation and assessment timeframes on those proposals where this is deemed necessary. We consider that this flexibility should go some way to ensure robust analysis and therefore assist Ofgem in reaching fair and robust decisions on future STC proposals.

It should however be noted that assessment and consultation timeframes may be further considered in the context of the code governance review and that further changes in this area may arise from this process.

⁶ As set out in Standard Condition B12(3) of NGET's Transmission Licence, see: <http://epr.ofgem.gov.uk/index.php?pk=doc176694>

⁷ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

Decision notice

The Authority had decided to direct that the Proposed Amendment CA028, as set out in the Amendment Report, should be made and implemented.

The modification is to be implemented five (5) business days after the date of this decision.

In accordance with Condition B12 of NGET's Transmission Licence, NGET shall notify the STC in accordance with the direction of the Authority.



**Mark Feather,
Director, Industry Codes and Licensing**

Signed on behalf of the Authority and authorised for that purpose.
