

## SO-TO Expert Group 19 Meeting Notes Wednesday 19 February, Glasgow

### Present:

Richard Haigh	Ofgem Betta Project (Chairman)	RH
Dave Nicol	SPT	DN
Les Burns	SPT	LB
Nigel Brooks	NGC	NB
Patrick Hinds	NGC	PH
David Densley	SHTL	DD
Mike Barlow	SHTL	MB
Peter Wibberley	Ofgem Betta Project	PW
Jeremy Chang	Ofgem Legal	JC
Richard Ford	Ofgem Trading Arrangements	RF
Anthony Mungall	Ofgem Betta Project	AM
Bridget Morgan	Ofgem Technical	BM
Patrick Smart	Ofgem BETTA Project	PS

### Purpose

1. RH explained that he envisaged that this meeting would build upon the discussions of STEG 18 and attempt to achieve a better understanding of where we have got to in terms of the content of the STC and progress of STC processes. He also explained that he would like to discuss the continuing role of STEG/TIDM in the BETTA development process.

### Minutes of last meeting

2. All parties agreed to send any comments electronically to AM.

### Update

3. RH provided an update on progress. He explained that the Draft E(TT) Bill had been published. He also noted that JB had circulated a high level plan and had meeting dates set up with each of the licensees to get an understanding of how Ofgem's plan fits in with the companies.
4. RH noted that the previous BETTA Participants Meeting (BPM) raised the issue of the 132kV circuits in Scotland. Firstly, he reiterated his understanding that the assumption for previous discussions in STEG had been that transmission in Scotland includes 132kV circuits, i.e. that work progressed to date included Scottish 132kV. Secondly, he recognised that the issue of how generation and demand connected at 132kV in Scotland would be charged is complicated and that the interaction with equivalent arrangements in England and Wales would need to be considered in detail. He questioned whether it was being suggested by any of the STEG members that the 132kV assets in Scotland should not be treated as transmission for the purposes of BETTA.
5. DN stated that it is very probable that SP may soon propose this very shortly. He explained that the equalisation of technical and commercial treatment of generators connected at 132kV is very important to SP and as a result SP is developing thinking to

carve out 132kV from transmission in Scotland. Under this proposal 132kV assets in Scotland would no longer be treated as transmission and instead would be treated both commercially and operationally as distribution. However, he noted that this policy position had not yet been finalised. LB indicated that this thinking is consistent with the arrangements currently adopted in E&W.

6. RH accepted that parties may wish to raise this as an issue but stated that at present the Ofgem/DTI working assumption was that 132kV assets in Scotland would be treated as transmission under BETTA, in particular they would fall into the scope of assets over which the GBSO would undertake certain responsibilities. He acknowledged that it would be necessary to understand the charging issues associated with this but expressed his initial view that were 132kV in Scotland to be redefined as distribution and operated separately from 275kV and above this would, given the interaction between the 132kV and 275/400kV assets, be likely to give rise to significant operational issues. LB noted that anything is possible and that there were operational issues associated with any of the models that had been considered.
7. DD noted that the initial working assumption of the STEG discussions had been that 132kV in Scotland was transmission but noted that as discussion progressed on the carve out of responsibilities involving the CUSC, BSC, etc. this has led the Scottish companies to believe that the solution for the 132kV system in Scotland should be more reflective of the DNO system in E&W. RH contended that the 275/400kV system in E&W had been operated and developed historically on a different basis, i.e. separate from the 132kV system and that the existing arrangements for operational separation between 132kV and 275/400kV in E&W were relatively straightforward because of the historical separation in operation and development of these systems. . He believed that the same cannot be said of the 132kV and 275/400kV systems in Scotland and that from an operational point of view this proposed solution would be likely to be much more complicated, for example it would be necessary to undertake a more fundamental review of the grid code to explain how the detailed interaction between the Scottish DNOs and the GBSO would work.
8. MB indicated that the group should not overreact to the proposal. This view was mirrored by DN who noted that Ofgem must recognise that the alternative would have a huge implications for generators in Scotland and that the carve out suggested under BETTA would create more problems than reclassifying 132kV. LB suggested that every operational solution that can be developed will be worse than which is in place at the moment, and that it was necessary to keep an open mind to the various solutions available. RH suggested if the proposals was to redefine Scottish 132kV as distribution in order to try to solve the issue of charging for 132kV connected generators, then the solution would solve more than it was intended to, and that such a solution would raise regulatory issues, cause delays and potentially raise significant additional operational complexity.
9. RH accepted that both SP and SSE had made their positions clear and noted that this issue would need to be revisited to the extent that a proposal to redefine 132kV as distribution came forward. MB agreed that this issue cannot be resolved in this forum at this time and must be taken forward elsewhere, perhaps through the BPG.
10. NB noted that to a large extent the STEG group can still make progress on processes within the STC independent of the 132kV issue. MB agreed that the 132kV issue was

not a showstopper for STEG but noted that the 132kV split would create additional interfaces.

11. RH clarified that it is not the intention to turn our minds to determining all the machinations of the operational interactions that may arise from a 132/275 split. To the extent that Scottish 132kV was redefined as distribution then these matters would probably need to be addressed at a later date. For now, the Ofgem/DTI working assumption was (and had been) that Scottish 132kV would remain as transmission.

### **TIDM Update**

12. PW noted that this meeting had talked about process more than had been originally envisaged. He noted that there was a general consensus to continue with this or a similar forum in order to attempt to address the original purpose of the TIDM meeting which was to discuss the views of each licensee on the issues surrounding the physical implementation of processes (which Ofgem/DTI is hoping to enshrine in the STC and sub-documents) ahead of having in place all the plans to deliver the process.
13. NB noted that the STEG Terms of Reference that had been circulated were helpful in that they give clarification on the role of the STEG group in progressing the STC (essentially to provide expert advice to support the development of the STC). He believed that something more was needed in relation to the development of systems and processes such that the implementation solution could be defined. It would be necessary to identify a body which could resolve issues associated with the implementation as and when they arose. This could be STEG, or it could be another forum, but from a programme perspective, it was necessary to identify this group so that design matters could move forward.
14. RH suggested that the name of the group where such matters were discussed was irrelevant and noted that the latest Terms of Reference for STEG are written from the perspective of delivery of the STC and sharing draft legal text between Ofgem/DTI and the licensees. To the extent that it was considered appropriate to also progress design issues through STEG then the Terms of Reference could be augmented as appropriate to reflect the different role of STEG on these matters. There was a general view that STEG representatives may also be the individuals charged by their respective organisations to resolve any design issues. RH also noted Ofgem/DTI's intention to progress STC and systems development issues with the licensees on a bilateral level.
15. DN noted that SP's concern was also that STEG needs to take a wider and more proactive role than is currently outlined in the ToR in relation to design issues and noted that as a consequence of design issues not being resolved, momentum had slipped recently in procedure writing. He stated that this group must recognise that design issues do affect the discussions of STEG and that this group should take control and assume a lead role in coordinating these processes.
16. RH indicated that from a practical point of view the current task of STEG was to discuss, understand and agree the content of the STC and draft STC procedures on this basis. He noted that the question is now to decide the most sensible way to incorporate design issues into this process. There are two options: within STEG, or in a separate group.

NB agreed with this approach and noted that a separate group involving project managers may be the preferable option. PW questioned whether it was practical to discuss design

issues independently from STC processes. LB agreed that there was a significant interaction between development of STC processes and implementation decisions.

17. RH questioned why it is envisaged that the project managers will make design decisions, and consequently why they needed to be directly involved in design discussions. NB explained that the actual way in which a project is implemented involves a very important interaction with design aspects and that this close interaction requires a joint forum to progress these issues. DN reiterated that he believed that the ToR for STEG should be revised to allow this forum to manage and coordinate this process. He indicated that any solution would also need to recognise the limited resources of the companies, and that programme manager involvement in the process would be needed to assist in coordination and prioritization of work.

18. PW noted that it would be helpful to separately identify two things:

- where a decision has to be made; and
- what is involved in making that decision.
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- It was important to identify the first of these without, in the first instance, necessarily having to put in place the management processes for actually making the decision.

RH indicated that in any event, the role of STEG in relation to STC development should be retained. He was concerned that Ofgem/DTI should not get dragged into the detailed day-to-day management of implementation, he was also concerned that STEG did not become responsible for the development and implementation of the whole of the BETTA Programme. He accepted that there was a clear message from all that a “decision making” body on design issues was needed, and furthermore, that the licensees all believed that it was important that programme managers were involved in this. Assuming that a forum to progress design issues was established, and that programme managers were involved in it RH queried whether the focus of the group was programme management or design issue resolution, and consequently who should lead the group.

19.

- NB noted that whoever led the group, its scope and its level of decision-making power would need to be clearly defined. RH suggested that it was important to understand what was meant by “decision making” as ultimately all decisions were being made by the Secretary of State. It was agreed that “decision making” by any such group in this context meant, agreeing/resolving issues such that assumptions on the way forward could be made which would be jointly used as the basis for further development. RH also noted his earlier concern that the group did not get involved in the day-to-day issues associated with design. It may log/register assumptions that were “agreed”, to the extent that this was convenient but it would only get involved in design where an area of disagreement arose.

Design sub-groups should therefore seek to develop thinking as far as possible and identify design options, assumptions and issues that needed resolution.

20. DN indicated that there is a lot of work to do before a detailed high level plan can be developed into workable and implementable procedures that fit in to the agreed timescales. NB noted that STEG is an advisory group to inform Ofgem/DTI’s central BETTA policy team. He added that the concept that it can become a decision forum is

not viable unless it is reconstituted as a decision-making forum or a separate decision making forum is constructed (possibly between the companies). Either way the solution had to be in STEG or out of STEG, not a halfway house.

21. PW indicated that involving programme managers in any new forum implicitly suggests that fundamentally the programme manager is therefore responsible for implementing a design. DN disagreed and noted that the remit of the programme manager was wider than just implementing a design. PW accepted this but noted that in areas that are not very contentious it is a fact that the process of articulating the detail will raise further issues which may ultimately lead to this area being characterised as a contentious. This raises the question of how we can better inform the policy development process. PW noted that the TIDM group was established to get a better feel of the options and inform the policy process decisions for consultation.
22. MB noted that there are strong links between policy issues, design and implementation and that this close interaction makes a strong case for a single body to coordinate discussions on these matters. He therefore agreed with DN and NB and suggested that one body of people (under the name of "STEG") take charge and coordinate this process. It was agreed that development groups can be initiated to progress thinking in each of the five STC process areas. MB proposed that development groups can be initiated to consider procedures with STEG linking discussions on policy with implementation and design issues.
23. There was a general consensus from the licensees that this approach was sensible. NB agreed that this was one viable way forward but noted that another option may be for STEG to focus solely on STC development and another forum be constructed for decision making. He also noted that under this structure the focus of STEG meetings change.
24. DD noted that all working groups will need to establish working assumptions. DN agreed and indicated that clearly defined work packages would provide a focus for these groups. MB suggested that (new) STEG could develop ToR for the five suggested STCP sub-groups. NB proposed that program managers should take charge of sub groups and flag up key dates for decisions/recommendations from STEG. RH reiterated the view that (new) STEG would only see issues and would not be involved in systems implementation.
25. It was agreed that the next STEG meeting will be split into two sections; a morning meeting consisting of discussions on implementation and design issues (i.e. project management issues) and afternoon discussion on STEG policy issues and interaction with implementation/design (i.e. it would cover old STEG business). RH explained that the STCP development groups will report upwards to the "new" STEG which will consider the views of these groups against policy and implementation/design issues and send back recommendations/ ask for clarification. Whilst the Secretary Of State was the ultimate "decision maker", STEG may also send issues of a policy nature upwards to the BPG for clarification. The aim of STEG is to be able to recommend working assumptions to development groups.
26. MB noted that in the minutes of the last meeting (STEG 18 paragraph 15) it was suggested that it should be achievable to develop process maps for each of the 29 STC processes identified. He indicated that there is a need to revise ToR for the STEG half of the meeting and construct separate terms of reference for the "program manager" part of

this meeting. DN suggested that Douglas Wright (SP) assume responsibility for drafting suggested ToR for the new part of the STEG .

27. RH noted that Ofgem will advise before the meeting scheduled on Wednesday 5 February whether Julian Bagwell will attend (or a representative of the Ofgem/DTI programme management team). He also questioned whether JB should chair the implementation/design meeting. MB indicated that the program managers must initiate these meetings and that by extension it will be the responsibility of Ofgem (through JB) and the licensees to be responsible for these meetings.
28. RH questioned whether there was any other work that could be progressed prior to the meeting on 5<sup>th</sup> February. DN suggested that thought could be given to the scope of works for the process groups. NB agreed and noted that such work should allow the process groups to prioritise the processes within the scope of their group. He suggested that Adrian Jarvis (NGC) assume responsibility for drafting some generic ToR defining the scope of the STC process groups. He further indicated that this note would indicate how the groups could operate effectively in terms of delivering things in the program and possibly identifying areas of responsibility.
29. MB suggested that in order to draft generic ToR we need to establish a process map in each of the 29 STCP areas which will communicate how the process is going to work on the ground and identify the process to be adopted in areas of disagreement. LB suggested that this scoping study should also identify the financial impact/indicative costs of solution options. PS added that it would also be helpful to identify where working assumptions were missing in the process.
30. NB summarized that the generic ToR will seek to cover:
  - Timetable/plan
  - Resource requirement
  - Issues to be resolved and timetable for recommendation to be made
  - Working assumptions
  - Costs
  - Risks

He noted a draft would be circulated for comment prior to the next STEG meeting. He suggested that JB should come forward with proposals for the next meeting in relation to who will lead/coordinate process groups. RH asked if Ofgem would be required at the procedure development groups. STEG members agreed that this should not be necessary.

### **STC Processes - Safety**

31. LB gave an update of the progress to date of the process group considering safety rules/implications. He noted that there was a general consensus that arrangements could be proceduralised. He also noted that a conclusion reached by the group was that if there was an incident post BETTA that HSE/DTI would focus on both the TO and SO irrespective of how the split was defined. NB added that the group also recognised that arrangements were unlikely to get formal sign off from DTI/HSE but all parties will need to be comfortable with the arrangements. LB agreed and noted that we are seeking to fit BETTA arrangements around existing safety rules with overlaps as necessary. RH summarised that the message from the group seemed to be that it was achievable in a reasonable manner. STEG members agreed.

32. On a related topic, RH asked for clarification on what were the drivers for site security of transmission facilities today. Why, for example, and how much did licensees take precautions on these matters today. LB indicated that licensees generally have a corporate security advisor and specific security assets to meet prudent operator requirements. The understanding of STEG members was that there were no formal requirements, the actions taken were based on prudent managerial practices given the nature of the businesses.
33. MB noted that discussions are needed on the timetable for STC processes. DD indicated that it is important to get the 5 STCP groups established so that they can begin to prioritise the work.

### **STEG ToR**

34. Minor changes were proposed to the draft ToR. JC expressed the view that he did not consider the proposed changes to be material. RH acknowledged that there needs to be a proper confidentiality agreement in place to facilitate the ongoing exchange of information. RH agreed to amend and circulate revised ToR.

### **STC papers**

35. RH explained that currently Ofgem/DTI propose to bring forward a standard STC licence condition to apply to all transmission licensees obliging them to have in force and comply with the STC. He indicated that it is the intention of Ofgem/DTI to bring forward draft legal text to STEG for expert comment and to inform drafting of forthcoming consultation papers. He also noted that Ofgem/DTI is considering accession processes for new TOs. He explained that although it is envisaged that there would initially be three transmission licensees under BETTA (for existing transmission licensees) he noted that the arrangements to allow entry of new transmission licensees will continue broadly speaking in the same way that new transmission licences could be issued today.
36. DN questioned whether arrangements were being proposed to ensure and allow for a change in SO. RH indicated that it was not currently proposed to accommodate multiple SOs in the STC. NB added that there is a need to reflect that parties who are transmission licensees will have some SO obligations "switched on" in their licence whereas others will have TO obligations "switched on". He noted that clarification is required on whether the terms "SO" and "TO" are to be defined in the STC. RH accepted that from a practical perspective the STC is a contract between transmission licensees whose obligations vary depending on which conditions are switched "on" or "off". On this basis, it would not be necessary for the STC to refer to "SO" and "TO". However, some rights and obligations under the STC would apply to the transmission licensee with SO type conditions being switched on, and others to transmission licensees with TO type conditions being switched on. Hence the term "SO" may mean be used as a shorthand for "transmission licensee with SO type licence conditions switched on", similarly for TO.
37. RH tabled a summary matrix outlining Ofgem's present view on the content of the STC. He discussed a number of specific issues arising in relation to each of the entries in the matrix. A number of issues were noted, including that:

- the STC will be more streamlined than BSC and CUSC (subject to outcome of consultation), and
- initial thinking will be brought forward on credit cover arrangements between transmission to a future meeting.

He also indicated that:

- Ofgem/DTI are not currently proposing that the STC should describe the decision-making parts of a process for technical interfaces.
- Ofgem/DTI are happy to participate in bilateral discussion on these matters with the transmission licenses outside STEG

He noted that the STC drafting on outage planning that had been circulated was very preliminary, and that discussion on this would take place at the next meeting.

### **Actions**

- Douglas Wright (SP) to circulate ToR for implementation/design meeting by Wednesday 26<sup>th</sup> February
- Adrian Jarvis (NGC) to circulate thoughts on the scope of STC process groups by Wednesday 26<sup>th</sup> February
- JB to come forward with thoughts on who will lead/coordinate process groups.
- RH to amend and circulate revised ToR for STEG

### **Next meeting**

38. Wednesday 5 March at NGC's offices in Coventry 10:30 – 16:00. This would be split into two meetings, from 10:00 – 14:00 STEG Design Forum, and 14:00 – 16:00 STEG.
39. Post meeting note – it is now proposed that the next meeting will be held in London – venue TBC, from 10:30 – 16:30. STEG to run from 10:30 – 12:30 and STEG Design Forum from 12:30 – 16:30.