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National Grid Company, STC signatories and  
Other Interested Parties

Direct Dial: 020 7901 7355

01 July 2005

Our Ref: IND/COD/STC/CA001-012

Dear Colleague,

**Modification to the System Operator Transmission Owner Code (“STC”) - Decision and Notice in relation to Proposed Amendments CA001-012 “Housekeeping Amendments”;**

- CA001 “Section J Paragraph 1.1 – Correction of Referencing Error”.**
- CA002 “Section I Paragraph 9.1 – Correction of sub-paragraphs numbering”**
- CA003 “Introduction of Version Control”**
- CA004 “Section I Paragraph 1.2, Correction of Typing Error”**
- CA005 “Section J – New Definitions”**
- CA006 “Section G, paragraph 18.1 – removal of obsolete text”**
- CA007 “Section I Paragraph 13.1 – Correction of sub-paragraph numbering”**
- CA008 “Schedule 3 – Amendment to paragraph 2.1.3 (a)”**
- CA009 “Schedule 3 – Amendment to Paragraph 2.3.2 – Incorrect cross referencing”**
- CA010 “Schedule 3 – Amendment to paragraph 2.5.1”**
- CA011 “STC – Table of Contents”**
- CA012 “STC – Table of Contents”**

The Gas and Electricity Markets Authority (the “Authority”<sup>1</sup>) has considered the issues raised in the Amendment Report<sup>2</sup> in respect of Proposed Amendments CA001-012 “Housekeeping Amendments”.

The Committee recommended to the Authority that Proposed Amendments CA001, CA002, CA004-012 and Alternative Amendment CA003 should be approved with a proposed Implementation Date of 5 business days after the Authority’s decision.

Having considered the Amendment Report and the recommendation of the Committee and having regard to the Applicable STC Objectives<sup>3</sup> and Ofgem’s wider statutory

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<sup>1</sup> Ofgem is the office of the Authority. The terms “Ofgem” and “the Authority” are used interchangeably in this letter.

<sup>2</sup> CA001-012 Amendments Report dated 27 May 2005

<sup>3</sup> The applicable STC objectives are contained in General Condition B12 of the Licence to transmit

duties,<sup>4</sup> the Authority has decided to direct an amendment to STC in line with Proposed Amendments CA001, CA002, CA004-12 and Alternative Amendment CA003 as detailed in the Amendment Report.

This letter explains the background to CA001-012, and sets out the Authority's reasons for its decision. This letter constitutes notice by the Authority under section 49A of the Electricity Act 1989 in relation to the direction.

## **Background**

Proposed Amendments CA001-012 were raised by NGC and submitted for consideration by the STC Committee on 19 April 2005. Following submission, SP Transmission Ltd proposed an alternative to CA003. The committee recommended that Proposed Amendments CA001-012 and Alternative Amendment CA003 should proceed to the Assessment and Report Phase.

The proposed Amendment Report was circulated on 9 May 2005 with views invited from interested parties by 16 May 2005.

The Amendment Report was submitted to the Authority on 27 May 2005.

## **The Modification Proposal**

Code Amendments CA001-012 seek to amend the STC to correct errors in, paragraph numbering, paragraph cross-referencing, punctuation, for the deletion of obsolete text, the introduction of appropriate definitions, the introduction of appropriate paragraph headings and the introduction of version control for the STC. The exact nature of the issue or defect addressed by each of the Proposed Amendments is detailed in the Amendment Report for changes CA001-012.

Alternative Code Amendment CA003 "introduction of version control" sought to provide greater ease for the updating of paper copies of the STC by the issuing of complete sections every time any section was amended.

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electricity treated as granted to NGC under section 6 of the Electricity Act 1989 (the "Transmission Licence") and are:

- (a) efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act (as amended);
- (b) development, maintenance and operation of an efficient economical and co-ordinated system of electricity transmission;
- (c) facilitating effective competition in the generation and supply of electricity, and (so far as is consistent therewith) facilitating such competition in the distribution of electricity;
- (d) protection of the security and quality of supply and safe operation of the GB transmission system insofar as it relates to interactions between transmission licensees; and
- (e) promotion of good industry practice and the efficiency in the implementation and administration of the arrangements described in the STC.

<sup>4</sup> Ofgem's statutory duties are wider than the matters that the Panel must take into consideration and include amongst other things a duty to have regard to social and environmental guidance provided to Ofgem by the government.

It was thought that amending the STC in accordance with Proposed Amendments CA001, CA002, CA004-012 and Alternative Amendment CA003 would promote STC objective (e).

### **Respondents' views**

No responses were received following the publication of the Proposed Amendment Report.

### **STC Committee views**

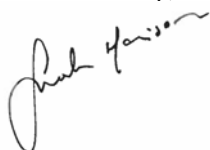
The STC Committee believes that amending the STC on the basis of housekeeping Proposed Amendments CA001, CA002, CA004-12 and Alternative Amendment CA003 would better facilitate the promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC.

### **Ofgem's view**

Having carefully considered the Amendment Report, Ofgem considers, having regard to applicable STC objectives and its statutory duties, that amendments proposed under Proposed Amendments CA001, CA002, CA004-12 and Alternative Amendment CA003 would improve the efficiency and administration of the arrangements described in the STC and therefore would better facilitate the achievement of Applicable STC Objective (e).

If you have any queries in relation to the issues raised in this letter, please feel free to contact Nick Simpson on the above number.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sarah Harrison', written in a cursive style.

**Sarah Harrison**

**Managing Director, Corporate Affairs**

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