

Amendment proposal:	<b>System Operator - Transmission Owner Code ("STC") CA022: Amendments to Section H Resulting from CA013 (CA022)</b>		
Decision:	<b>The Authority<sup>1</sup> directs that this proposal be made<sup>2</sup></b>		
Target audience:	<b>National Grid Electricity Transmission PLC (NGET), Parties to the STC and other interested parties</b>		
Date of publication:	<b>13 November 2006</b>	Implementation Date:	<b>20 November 2006</b>

## Background to the Proposed Amendment

Transmission Entry Capacity ("TEC") defines a generator's maximum allowed export capacity onto the transmission system in a financial year. CAP068, "Competing Request for TEC" was implemented on 1 April 2005 and introduced the concept whereby TEC might be traded between CUSC Parties, subject to NGET calculating an appropriate exchange rate within three months. On 1 December 2005 Ofgem approved Amendment CA013, "TEC Exchange Rate Request Process", which sought to add further clarity to the Connection and Use of System Code ("CUSC") and the amendments implemented as a result of CAP068.

CA013 added a new Part Three of Section D to the STC, including two paragraphs, 1.4 and 2.7, which described matters that would be potentially disputable in accordance with paragraph 4.1 of Section H. Section H, is structured so that all such disputable matters are listed in paragraphs 4.3 and 4.4. The new paragraphs introduced by CA013 should therefore have been added to this listing in paragraph 4.4 of Section H, but this change was inadvertently omitted.

In order to rectify this situation, NGET submitted CA022:Amendments to Section H Resulting from CA013 for consideration to the STC Committee Meeting on 12 September 2006.

## The Proposed Amendment

CA022 proposes to correct the omissions by adding two additional sub-paragraphs, 4.4.14 and 4.4.15 to Section H, which would refer to paragraphs 1.4 and 2.7 of Section D, Part Three, respectively. These sub-paragraphs would be included into the body of the listing in paragraph 4.4, and the subsequent sub-paragraphs would be renumbered accordingly.

The Proposed Amendment is supported by NGET and both Transmission Owners.

## STC Committee<sup>3</sup> recommendation

The Committee recommended that the Authority approve Proposed Amendment CA022 for implementation five Business Days after its decision.

<sup>1</sup> The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

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

<sup>3</sup> The STC Committee is established and constituted from time to time pursuant to and in accordance with the section B6 of the STC.

This recommendation was based on a view that CA022 would better facilitate the achievement of Applicable STC Objective (e), *'promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC'*.

### **The Authority's decision**

The Authority has considered the issues raised by the Proposed Amendment and the final Amendment Report (AR) dated 12 October 2006. The Authority has concluded that:

1. implementation of the amendment proposal will better facilitate the achievement of the applicable objectives of the STC;<sup>4</sup> and
2. directing that the amendment be made is consistent with the Authority's principal objective and statutory duties.<sup>5</sup>

### **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 STC Objective (e), the *'promotion of good industry practice and efficiency in the implementation and administration of the arrangements described in the STC'*.

Ofgem also agrees with the proposer that this amendment is necessary to fully complete the implementation of the arrangements introduced by CA013, and, most importantly, would clarify that the relevant matters in paragraphs 1.4 and 2.7 of Part Three of Section D would be potentially disputable under the provisions of paragraph 4.4, as opposed to paragraph 4.3, of Section H. (Matters falling under paragraph 4.3 constitute a dispute referable to the Authority, where as matters falling under paragraph 4.4 constitute a dispute referable to the Authority by a party only where such a matter would materially adversely affect that party's ability to maintain an efficient, coordinated and economical system of electricity transmission.)

### **Decision notice**

In accordance with Standard Condition B12 of NGET's Transmission Licence, the Authority, hereby directs that amendment proposal CA022: Amendments to Section H Resulting from CA13 be made.



**Nick Simpson**  
**Director, Modifications**

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

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<sup>4</sup> As set out in Standard Condition B12(3) of NGET's Transmission Licence, see: [http://195.12.224.140/document\\_fetch.php?documentid=4146](http://195.12.224.140/document_fetch.php?documentid=4146)

<sup>5</sup>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.

