

Amendment proposal:	System Operator - Transmission Owner Code ("STC") CA 24: "Clarification of Construction Planning Assumption Data Requirements"		
Decision:	The Authority¹ directs that this proposal be made²		
Target audience:	National Grid Electricity Transmission PLC (NGET), Parties to the STC and other interested parties		
Date of publication:	22 October 2007	Implementation Date:	29 October 2007

Background to the Proposed Amendment

Paragraph 3.1 Section D, Part Two of the STC permits NGET to provide Construction Planning Assumptions to a Transmission Owner when submitting a NGET Construction Application. Construction Planning Assumptions are defined in Paragraph 3.1 Section D, Part Two of the STC, as Planning Assumptions which take account of the flows that NGET would reasonably expect to result from a User's request for connection to and/or use of the GB transmission system to which the NGET Construction Application relates.

Paragraph 3.3 of Section D, Part Two of the STC sets out a default arrangement that Planning Assumptions based on NGET's best view for investment planning purposes should be used by a Transmission Owner, if NGET does not generate a new set of Construction Planning Assumptions for a NGET Construction Application.

NGET is obliged under User facing codes and agreements to take account of the contracted background when assessing applications for connection to and/or use of the GB transmission system. In general, there are differences between the flows that NGET would reasonably expect to occur (information used for investment planning purposes) and the flows based on the contracted background. There is currently a mismatch between NGET's obligations to Users and the information it has to provide to a Transmission Owner when submitting an NGET Construction Application.

NGET submitted CA 24: Clarification of Construction Planning Assumption Data Requirements for consideration to the STC Committee Meeting on 20 February 2007.

The Proposed Amendment

STC Amendment Proposal CA 24 seeks to amend:

- Section J of the STC to define Construction Planning Assumptions.
- Paragraphs 3.1, 3.2 and 3.3 of Section D, Part Two of the STC to require NGET to provide Transmission Owners with Construction Planning Assumptions based on the contracted background.

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

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.

STC Committee³ recommendation

The STC Committee recommended that the Authority approve Amendment Proposal CA 24 for implementation five business days after its decision.

The Authority's decision

The Authority has considered the issues raised by the Proposed Amendment and the final Amendment Report CA 24. The Authority has concluded that:

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

Reasons for the Authority's decision

We have considered the Amendment Report in the context of the applicable STC objectives and our statutory duties.

We note that the Amendment Proposal will restrict the scope of Construction Planning Assumptions that NGET is required to provide to a Transmission Owner. We observe that this proposal will require NGET to provide information to a Transmission Owner which is based on the contracted background⁶.

We acknowledge that contracted background information is published in the Seven Year Statement. We note the comments in the Amendment Report information based on public domain information can be considered as outside of the STC restriction on data transfer to a Transmission Owner. However we welcome the proposal to clarify the STC and include an explicit requirement for NGET to provide Construction Planning Assumptions to Transmission Owners as part of a NGET Construction Application.

We consider that the Proposed Amendment would better facilitate the achievement of a number of the applicable STC objectives. In particular we note that the Proposed Amendment will better facilitate applicable STC objective (b). We consider that arrangements that ensure that all transmission licensees assess User applications on the same basis should better facilitate the development of an efficient, economical and co-ordinated system of electricity transmission.

We note that the Proposed Amendment will better align the default basis for Transmission Owner Construction Offers with NGET's obligations⁷ when providing an offer for connection to and/or use of the GB transmission system. We consider that the Proposed Amendment will better facilitate applicable STC objective (a) as it will enhance

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

⁴ As set out in Standard Condition B12(3) of NGET's Transmission Licence, see:
http://epr.ofgem.gov.uk/document_fetch.php?documentid=4146

⁵ 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.

⁶ Contracts that NGET has in place with Users for connection to and/or use of the GB transmission system.

⁷ Obligations defined in the Connection and Use of System Code and Grid Code.

transmission licensees' ability to comply with transmission licence obligations relating to connection to and/or use of the GB transmission system⁸.

We also acknowledge that the Proposed Amendment will better facilitate applicable STC objective (c) on the basis that arrangements for the providing services relating to connection to and/or use of the GB transmission system facilitate competition in generation and demand services.

Decision notice

The Authority has decided to direct that Proposed Amendment CA 24, as set out in the Amendment Report, should be made and implemented.

The modification is to be implemented and take effect on 29 October 2007.

In accordance with Condition B12 (3) of NGET's Transmission Licence, NGET shall modify the STC in accordance with this direction by the Authority.

A handwritten signature in black ink, appearing to read 'John Scott', with a horizontal line drawn underneath the name.

**John Scott,
Technical Director**

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

⁸ Standard Condition C8 (NGET) and Standard Condition D4A (SP Transmission Limited and Scottish Hydro Electricity Transmission Limited).