

STC Governance - Committee Representatives

A discussion paper for STC Working Group on Offshore Transmission

28 January 2008

1. Overview

The STC Committee is charged with giving oversight to the STC Change Governance arrangements within the STC. As such it plays a key role in determining the assessment procedure for proposed amendments to the STC and also has the role of decision maker for amendments to the STC Procedures.

A key recommendation of the STC Working Group was to establish a more representative STC Committee given the proposal that all Offshore Transmission Owners (OFTOs) will be required to accede to the STC as a condition of their Transmission Licence.

The existing framework that allows each STC Party up to 2 representatives on the STC Committee was felt by the working group to be inappropriate moving forward as with ever increasing numbers of OFTOs the size of the STC Committee would likely lead to inefficiency in its working arrangements. Therefore the following structure was recommended by the STC Working Group:

- Up to 2 members appointed by National Grid Electricity Transmission (NGET)
- Up to 2 members appointed by each Onshore Transmission Owner (4 in total)
- Up to 2 Members representing Offshore Transmission Owners

The above proposal allows for the existing STC Committee representation arrangements for NGET, SPT and SHETL to be retained unchanged (as their roles and number of participating companies remain unchanged). The offshore parties would however be represented by elected representatives. Given the numbers of OFTOs that could become parties to the STC and the range of views amongst such parties again this seems an appropriate arrangement.

The addition of two members representing Offshore Transmission Owners will therefore necessitate some additional code provisions to deal with the appointment of these STC Committee Members and also to deal with the replacement of such STC Committee Members should they for instance resign or move to a new employer. Such new provisions would be similar to those that exist in other Industry Codes that have a representative panel structure (e.g. The Connection and Use of System Code, The Balancing and Settlement Code etc). Other recommended additional provisions cover the attendance of representatives of STC Parties at the STC Committee and also amendments to the existing provisions governing a quorum at Committee Meetings.

2. Recommendations for Code Drafting Instructions

The following provisions are recommended as forming the basis of drafting instructions should Ofgem conclude that this STC Working Group recommendation be codified.

1. **Restructure of Committee Membership**

Redraft Section B, paragraph 6.1 to allow for the committee to be structured along the following lines:

- Up to 2 members appointed by NGET
- Up to 2 members appointed by each Onshore Transmission Owner¹
- Up to 2 Members representing Offshore Transmission Owners²

2. **Appointment of Committee Members**

Redraft Section B, paragraph 6.1 to allow the members above to be appointed according to the following principles:

- National Grid Electricity Transmission plc shall appoint up to two members representing National Grid by giving notice to the Committee Secretary.
- SP Transmission Ltd shall be entitled to appoint up to 2 members representing the views of Onshore Transmission Licensees by giving notice to the Committee Secretary
- Scottish-Hydro Electric Transmission Ltd shall be entitled to appoint up to 2 members representing the views of Onshore Transmission Licensees by giving notice to the Committee Secretary
- Up to two Offshore Members shall be appointed annually by elections canvassing the views of Offshore Transmission Owners who are party to the STC. Arrangements will need to be set out in the STC to allow for candidates for the position of an OFTO representative on the Committee to be put forward and then for two of these candidates to be elected by a simple majority vote amongst all OFTO Parties to the STC. In the event that one or two nominations are received then all nominated candidates will be appointed as Committee members without the need for an election. If no candidates are nominated for the position of an OFTO representative then the positions shall go unfilled. Any voting rights / quorum requirements for the Offshore Transmission representatives will be amended to account for this. The election process will follow that in the other transmission codes and thus will be co-ordinated and run by the STC Committee Secretary on behalf of the STC Committee.

NB In the event of additional **onshore** STC Parties the above provisions would need to be amended such that SPT and SHETL do not have the sole right to appoint the Committee Members who represent the Onshore Transmission Licensees. For the purposes of the offshore project this is however an observation as any such changes would be beyond the remit of the offshore project.

¹ The term Onshore Transmission Owner is assumed to mean a person whose transmission licence the standard conditions in section D (transmission owner standard conditions) have been given effect.

² An Offshore Transmission Owner would be assumed as a person whose transmission licence the "offshore transmission owner standard conditions" have been given effect.

3. **Resignation / replacement of Committee Members**

Section B, paragraph 6 will require additional provisions to deal with the resignation/removal of Committee Members:

- Members appointed by National Grid, SPT or SHETL may be removed by their nominating company at any time by giving notice to the Committee Secretary
- Members representing Offshore Transmission Licensees shall cease to be a Committee member if any of the following circumstances arise (list adapted from CUSC 8.5.1):
 - (a) upon expiry of his term of office unless re-appointed;
 - (b) if he:
 - (i) resigns from office by notice delivered to the Committee Secretary;
 - (ii) becomes bankrupt or makes any arrangement or composition with his creditors generally;
 - (iii) is or may be suffering from mental disorder and either is admitted to hospital in pursuance of an application under the Mental Health Act 1983 or the Mental Health (Scotland) Act 1960 or an order is made by a court having jurisdiction in matters concerning mental disorder for his detention or for the appointment of a receiver, *curator bonis* or other person with respect to his property or affairs;
 - (iv) becomes prohibited by law from being a director of a company under the Companies Act 1985;
 - (v) dies; or
 - (vi) is convicted on an indictable offence; or
 - (c) should the member change employer and not provide to the STC Committee Secretary within 60 days a letter from his new employer confirming that his employer agrees that they may act as a Committee Member;
 - (d) if the STC Committee resolves (and the Authority does not veto such resolution by notice in writing to the Committee Secretary within 15 Business Days) that he should cease to hold office on grounds of his serious misconduct;
 - (e) if the STC Committee resolves (and the Authority does not veto such resolution by notice in writing to the Committee Secretary within 15 Business Days) that he should cease to hold office due to a change in employer notwithstanding the fact that the new employer may have given their permission for that Committee Member to continue as a Committee Member.
- In the event that a Committee Member representing offshore transmission licensees ceases to become a member then new candidates for the vacancy will be sought and elections held if more than six months of his term of office remain, otherwise the vacancy will be filled at the next annual election.

4. **Attendance at Meetings**

In line with the precedent established at other representative panels it is proposed that section B paragraph 6.1.6 be amended to allow a single representative of any STC Party to have the same rights to attend (but not vote at, or be considered a Party Representative at) any STC Committee meeting.

5. Quorum

The provisions for establishing a quorum at STC Committee meetings shall be amended such that a quorum exists where:

- At least one person representing NGET is present either in person or by teleconference
- At least one person representing Onshore Transmission Licensees is present either in person or by teleconference
- At least one person representing Offshore Transmission Licensees is present either in person or by teleconference

A quorum can still be established where the matters to be discussed at a committee meeting do not materially affect a group of parties and the committee members representing those parties notify the committee secretary that they do not wish to attend the committee meeting. In such cases provided at least one person representing the remaining groups of parties is present a quorum will be established.

Likewise in the scenario where there are no representatives appointed / elected to represent NGET and/or Onshore TOs and/or Offshore Transmission Licensees a quorum can still be formed provided at least one person from each of the other categories attends in person or by teleconference (subject of course to the above caveat that persons need not attend if the matters put to the STC Committee do not materially affect them).