

Amendment proposal:	System Operator (“SO”) – Transmission Owner (“TO”) Code (“STC”) CA029: Investigation of a Relevant Interruption of a User and Interruption Payment obligations associated with such an interruption		
Decision:	The Authority ¹ directs that this proposal be made ²		
Target audience:	National Grid Electricity Transmission PLC (NGET), Parties to the STC and other interested parties		
Date of publication:	28 July 2008	Implementation Date:	4 August 2008

Background to the amendment proposal

The Connection and Use of System Code (CUSC) Amendment CAP048³ was implemented in 2004 for Users in England and Wales. This Amendment provides a mechanism whereby if a User is interrupted as a result of an incident on the transmission system then NGET investigates the cause of the interruption and makes an interruption payment to the User.

With the introduction of BETTA these provisions were extended to Scotland. However no mechanism exists within the STC for Transmission Owners to pay NGET a sum equivalent to the amount that should be paid to the relevant User by NGET in the event of an interruption on part of the transmission system located in Scotland.

On 31 March 2008 the transmission licences of the three transmission licensees were modified to enable funding of compensation payments for the temporary physical disconnection of generators.

STC Amendment Proposal CA029 is intended to enable the investigation and reporting of an incident to determine which part of the transmission system was the cause of an interruption. If the interruption is located on part of the transmission system located in either of the Transmission Owners’ transmission systems in Scotland the proposed amendment provides a mechanism to allow the relevant payments to be made by the relevant Transmission Owner to NGET. These payments will reflect the compensation payment made by NGET to the User in accordance with the existing CUSC provisions.

The proposed Amendment

CA029 proposes to amend Sections C⁴, E⁵, J⁶ and Schedule 10⁷ of the STC to enable the cause of certain User interruptions to be investigated and reported on and where applicable a consequential interruption payment to be made by the relevant Transmission Owner to NGET. NGET will make payment to the User in accordance with the CUSC.

The STC already contains processes for Event Reporting and Joint Investigations and it is proposed to extend these processes to include investigating certain User interruptions to

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.

³ Firm Access and Temporary Physical Disconnection

⁴ Transmission Services and Operations, Part Three - Other

⁵ Billing and Payment

⁶ Interpretation and Definitions

⁷ Charges

establish whether the interruption was caused by a fault on the transmission system and to find out how long the interruption period lasted.

The calculation of the interruption payment that the relevant Transmission Owner would be obliged to pay NGET would be determined in accordance with Section E – Billing and Payment and Schedule Ten – Charges. The proposal introduces a new NGET charge that the relevant Transmission Owner would pay NGET in respect of such interruption payments. NGET is obliged to make compensation payments relating to certain interruptions to Users in accordance with the existing provisions in the CUSC.

If NGET and a Transmission Owner fail to agree whether an interruption has occurred and/or the length of the interruption period, the dispute may be referred to arbitration. Any disputes regarding the payment to be made to NGET by a Transmission Owner in respect of an interruption may be referred to the Authority.

Responses to the STC Committee consultation

The STC committee undertook a consultation on Amendment Proposal CA029 and received no responses.

STC Committee⁸ recommendation

The STC Committee recommended that the Amendment Proposal CA029 should be implemented and that implementation should occur five business days after the Authority's decision.

The Authority's decision

The Authority has considered the issues raised by the Proposed Amendment and the final Amendment Report CA029. The Authority concluded that:

1. implementation of the amendment proposal would better facilitate the achievement of the applicable objectives of the STC;⁹ and
2. directing that the amendment be made is consistent with the Authority's principal objectives and statutory duties.¹⁰

Reasons for the Authority's decision

Having considered the Amendment Report in the context of the applicable STC objectives and its statutory duties, the Authority considers that the Proposed Amendment would better facilitate the achievement of applicable objective (a), "*efficient discharge of the obligations imposed upon transmission licensees by transmission licences and the Act*".

CA029 will ensure that a process is in place for the investigation and reporting of interruptions on the transmission system and, where an interruption occurs on either of the Transmission Owners' transmission systems, that a mechanism exists to allow the Transmission Owners to make appropriate payments to NGET in that regard.

⁸ The STC Committee is established and constituted from time to time pursuant to and in accordance with the section B6 of the STC.

⁹ As set out in Standard Condition B12(3) of NGET's Transmission Licence, see: <http://epr.ofgem.gov.uk/index.php?pk=doc176694>

¹⁰ 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.

We note that in February 2008 we issued a statutory consultation¹¹ on proposed licence amendments to provide a mechanism for the three transmission licensees to recover the cost of compensation payments. We noted at that time that an appropriate change to the STC would be required to ensure there is a clear process for money to pass between NGET and the Transmission Owners in Scotland. We agree that this change is appropriate and consider that CA029 better facilitates the achievement of the applicable STC objectives by establishing this process.

We note that NGET is already obliged to make compensation payments to Users in accordance with the process and timescales set out in the CUSC. We consider it is important that the three transmission licensees manage the process established under CA029 such that there is no adverse impact on the existing CUSC process for making compensation payments to Users.

Decision notice

The Authority had decided to direct that the Proposed Amendment CA029, as set out in the Amendment Report, should be made and implemented.

The modification is to be implemented five (5) business days after the date of this decision.

In accordance with Condition B12 of NGET's Transmission Licence, NGET shall notify the STC in accordance with the direction of the Authority.



Director, Transmission

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

¹¹ CAP048: Recovering the Costs of Compensation for Temporary Physical Disconnection Section 11 Licence Consultation - 18/08