

Code Administrator Meeting Summary

Meeting name: CMP315 Workgroup 13/CMP375 Workgroup 10

Date: 30 June 2022

Contact Details

Chair: Paul Mullen

Contact details: paul.j.mullen@nationalgrideso.com

Proposer (CMP315): Nick Sillito

Contact details: nsillito@peakgen.com

Proposer (CMP375): Grahame Neale

Contact details: grahame.neale@nationalgrideso.com

Key areas of discussion

- CMP315 seeks to review how the expansion constant is determined such that it best reflects the costs and CMP375 seeks to amend the calculation of the Expansion Constant & Expansion Factors to better reflect the growth of and investment in the National Electricity Transmission System (NETS). Workgroups for these changes are jointly held but the changes have not been amalgamated.
- The ESO Workgroup Member set out the aims of their analysis (to determine how the Expansion Constant is calculated and determine the effect of different scopes of work on the final Expansion Constant value with actual data) and assumptions made.
- The ESO Workgroup Member noted that the analysis was based on historic information from 26 data points at 400kV. Some Workgroup Members questioned if this was a sufficient sample size. The ESO Workgroup Member noted they are having further conversations with Transmission Owners to clarify the data, which may lead to updated numbers and assumptions. The ESO intend to provide updated analysis at the next meeting on 18 July 2022.
- The Workgroup raised the following points re: the analysis:
 - Workgroup Members challenged as to how the ESO had interpreted the relationship between Weighted Average Capital Cost (WACC) and Annuity Factors and argued they

were different ways of representing the same thing – The ESO Workgroup Member agreed to check the calculations / re-run the calculations.

- ESO’s current analysis represents substations as 1km of circuit; however, some Workgroup Members argued that using average circuit lengths connecting the substations to NETS could potentially be less volatile - The ESO Workgroup Member agreed to include in their updated analysis. Some Workgroup Members suggested going further and including a breakdown of individual elements within substations, which could arguably provide further accuracy but would also add complexity and it may be difficult to agree a consistent approach. However, the ESO Workgroup Member noted that they are intending to remove substations from their CMP375 Original Solution. The topic of substations will be discussed at next meeting on 18 July 2022.
- ESO’s current calculations are based on length weighted circuits but some Workgroup Members argued that using MW/Km weighted capacity could be a viable alternative to consider - The ESO Workgroup Member agreed to show scenarios using MW/Km weighted capacity.
- The Workgroup were advised that there was an excel spreadsheet showing possible calculations using dummy data and the Workgroup, to test possible alternatives, were asked to add their own dummy data to this ahead of the Workgroup on 18 July 2022.
- There is a potential alternative proposed based on using forward looking data (or a mix of forward looking data and historic data if sample size is insufficient) rather than historic data. This alternative may also consider a smearing rather than proxy circuit approach.
- Workgroup were reminded that proposals brought forward need to be cost reflective and although predictability and reduced volatility are important factors for stakeholders, cost reflectivity is key.

Actions

Action Number	Owner	Action	Comment	Due by	Status
1	Grahame Neale/Matt Wootton	Provide updated analysis to the Workgroup		18 July 2022	Open
2	Workgroup	Consider how substations should be treated		18 July 2022	Open
3	LCP (Ed Smith)	Present potential alternative (forward looking data and smearing approach) to Workgroup		18 July 2022	Open

Next Steps

- Meeting on 18 July 2022 to review ESO’s updated analysis, discuss whether substations should be in scope and if so on what basis and discuss any potential alternatives.
- The Workgroup agreed that the following next steps re: analysis need to be looked at in future meetings:

- Test that voltage upgrades work for each method.
- Test that the Expansion Factors can be calculated for each method.
- Demonstrate tariff impact for each method