

Code Administrator Meeting Summary

Meeting name: CMP315 Workgroup 18/CMP375 Workgroup 15

Date: 5 December 2022

Contact Details

Chair: Paul Mullen

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Proposer (CMP315): Nick Sillito

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Proposer (CMP375): Paul Mott

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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 primary aim of this meeting was to confirm the final understanding of the solutions, walk through the legal text and hold the vote on which of the potential alternatives are to be taken forward as formal Workgroup Alternative CUSC Modifications (WACMs).

Solutions

- **CMP315 Original and CMP375 Original Solutions**
 - The CMP315 Original and CMP375 Original both now include the same smoothing factor of 13%/0.13 to mitigate volatility (i.e. use previous year's data and apply a "smoothing" factor (13% weighting factor applied per year for new build and by implication 87% for the existing build); and
 - The only difference now is that the CMP315 Original includes substations, whilst the CMP375 Original doesn't.
- **LCP proposed alternative to CMP375 Original**
 - The proposer of this alternative confirmed that, when calculating the Expansion Constant and Expansion Factor at 400kV they would use data for the Network Options Assessment works which have been recommended to 'Proceed' or which have been specified as 'HND essential' to complement the historical data and not instead of – the CMP375 Original uses historical data only.

- They also re-affirmed that each Expansion Constant or Expansion Factor is calculated as a weighted average of cost data based on a set of expected works (a “basket of works”) and that their proposed alternative would change this ‘basket’ of expected works to be forward-looking. The basket would be set based on the future works set out in the Transmission Operators’ price control business plans for each voltage level and circuit type.
- The Workgroup by majority (11 out of 14) voted for this to be taken forward as a formal WACM and this will now be known as CMP375 WACM1.
- **No other alternatives to be taken forward**
- **All the above solutions:**
 - Follow the current treatment of civil costs¹; and
 - For annuitisation, split the cost of reinforcement that creates new capacity (Incremental MW) and new additional life (Incremental life).

Tariff Impact Analysis

- Now that the solutions are clear, there was a clear steer from the Workgroup that they need to see how the tariffs would be impacted by these solutions, to act as a sense check, before the Workgroup phase can be concluded. This will mean a delay to the timeline as ESO will need to get some new data from the Transmission Owners, which will be formalised through an STCP change. Although there is ~ 3 months float in the programme (as a 1 April 2024 implementation is sought), the ESO were urged to proceed at pace on this and took an action to confirm their plan and when tariff impact analysis will be shared with the Workgroup.

Legal Text

- Workgroup agreed, with the Chair, that further work with the Proposers of each of the solutions would be prudent before a V2 is circulated to Workgroup Members for review and comment ahead of the next Workgroup meeting

Actions

Action Number	Owner	Action	Due by	Status
1	ESO (Jo Zhou/Paul Mott)	Confirm plan for Tariff Impact Analysis	16 December 2022	Open – ESO to confirm when the STCP will be raised, when the STCP will be approved in principle, date by when the Transmission Owners’ provide any missing/new data; and date when they will issue analysis to Workgroup

¹ Civil costs associated with overhead towers or underground cables are included, based on generic project profiles as described in STCP14-1 (e.g. assuming no motorway crossing etc).

2	ESO (Paul Mott)	Confirm when will Issue V2 of legal text to Workgroup	16 December 2022	Open – Paul Mott working with Proposers of the solutions and other interested Workgroup Members ahead of submitting to Workgroup for wider comment
3	LCP/Ocean Winds (Ed Smith/Ander Madariaga)	Update their one page solution document	16 December 2022	Open – clarity to be provided on civils and that NOA data complements historical data
4	Paul Mullen	Confirm revised timeline (once ESO have advised on plan for Tariff Impact Analysis)	30 December 2022	Open
5	Ofgem	It at all possible, provide steer on whether or not an impact assessment could be required and, if so, whether that should be done by the Workgroup or Ofgem	6 January 2023	Open

Next Steps

- Next Meeting will predominantly focus on final review of the legal text and any feedback on the tariff analysis that ESO are undertaking – timing to be confirmed (see Action 1 above). There will be one final meeting after that to finalise the Workgroup Report, agree that the Terms of Reference have been addressed and hold the Workgroup Vote.