

Code Administrator Meeting Summary

Meeting name: CMP402 Workgroup 2

Date: 06/03/2023

Contact Details

Chair: Jess Rivalland, ESO (Code Administrator) jessica.rivalland@nationalgrideso.com

Proposer: Dave Witherspoon, ESO dave.witherspoon@nationalgrideso.com

Key areas of discussion

In response to Ofgem's final decision on Anticipatory Investment (AI) dated 18 October 2022, changes to the current User Commitment provisions as detailed within CUSC Section 15 are required to introduce the AI principles for offshore generators connecting at different times to non-radial offshore transmission network.

Workgroup objective was to discuss open actions.

Timeline

Workgroup members reviewed timeline and no changes are currently required.

Discussion

The debate focused on 2 main issues:

Firstly, what proportion of the AI cost liability should the later user be liable for pre and post Financial Investment Decision (FID)

- The Proposer has suggested 33% in their Original primarily on the basis of simplicity;
- Other Workgroup Members argued that 33% could represent a significant cost (especially as already have to provide User commitment for the onshore works) and questioned if these costs are bankable¹. One Workgroup Member suggested these costs could be capped instead to minimise the impact.
- The difficulty here is identifying what typical cost the 33% represents as the AI Cost liability figures (which will be provided by Ofgem) are unknown at this stage. The Proposer undertook to:

¹ The suggestion was that banks would be asking why they should be financing the assets for the other generator.

- Identify what components would be included in the AI Cost liability figures; and Ascertain if any typical costs for the AI Cost liability can be identified; however to manage expectations there would be a range and they would be on a case by case basis.
- The Chair re-iterated their previous ask of Workgroup Members to consider possible options in this area and noted that a question on this topic will be included in the Workgroup Consultation.

Secondly, can assets be re-used and how a Local Asset Reuse Factor (LARF) could be applied e.g. where a project negotiates a seabed lease but doesn't go ahead and another project can use that seabed lease.

- The Proposer's Original does not include a re-use factor;
- The Workgroup queried who would be responsible for setting the re-use factors;
- Some Workgroup Members argued it would better to be factored into the Early Stage Cost Assessment process (i.e. as part of the process to set what the AI Cost liability is). The Proposer agreed to pick this up with Ofgem; and
 - The Chair re-iterated their previous ask of Workgroup Members to consider possible options in this area and noted that a question on this topic will be included in the Workgroup Consultation

It was also noted that onshore elements could add additional costs.

Next Steps

Next Workgroup 29 March 2023 to further discuss the above points and develop the Workgroup Consultation.

Actions

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
1	WG2	ESO	Identify what components would be included in the AI Cost liability figures	NA	22/03/2023	Open
2	WG2	ESO	Ascertain if any typical costs for the AI Cost liability can be identified	NA	22/03/2023	Open
3	WG2	Workgroup	Further consider what proportion of the AI cost liability should the later user be liable for pre and post Financial Investment Decision (FID)	NA	22/03/2023	Open
4	WG2	ESO	Could re-use factors be factored into early stage cost assessment process instead?	NA	22/03/2023	Open
5	WG2	Workgroup	Further consider examples where a Local Asset Reuse Factor (LARF) could be applied	NA	22/03/2023	Open

Attendees

Name	Initial	Company	Role
Jess Rivalland	JR	Code Administrator, ESO	Chair
Paul Mullen	PM	Code Administrator, ESO	Tech Sec
David Witherspoon	DW	ESO	Proposer
Adele Laing	AL	SSEN Transmission	Observer
Angeles Sandoval Romero	ASD	SSE Generation	Observer
Claire Hynes	CH	RWE Renewables LTD	Workgroup Member
Damian Clough	DC	SSE Generation	Workgroup Member
Faiva Wadawasina	FW	Bellrock and Broadshore Offshore Windfarms	Workgroup Member
Joao Varejao	JV	BP	Alternate
Joel Matthews	JM	Diamond Transmission UK Limited	Observer
Matthew Paige-Stimson	MPS	National Grid Electricity Transmission	Workgroup Member
Oyvind Bergvoll	OB	Equinor New Energy Limited	Workgroup Member
Richard Woodward	RW	National Grid Electricity Transmission	Alternate
Robert Newton	RN	Zenobe Energy	Workgroup Member
Ryan Ward	RW	ScottishPower Renewables	Workgroup Member
Shannon Murray	SM	Ofgem	Ofgem representative