

Code Administrator Meeting Summary

Meeting name: CM086 Workgroup Meeting 3

Date: 30/03/2023

Contact Details

Chair: Catia Gomes, ESO catia.gomes@nationalgrideso.com

Proposer: Stephen Baker, ESO Stephen.Baker@nationalgrideso.com and Gareth Stanley, ESO gareth.stanley@nationalgrideso.com

Key areas of discussion

Workgroup Objectives

The aim of Workgroup meeting 3 was to review Themes 3 and 4 of the Legal Text and to review the updates on Theme 1 and 2.

Workgroup Discussion

- A Workgroup member raised a question regarding the revenue recovery mechanism for CATOs and queried if it has been established that recovering will be the same as for onshore TOs. The Proposer advised that the basis is that the CATOs will have a tender revenue stream and won't have a RIIO business plan price control approach. The Proposer also advised that is expected for the process to be similar to the onshore TOs and reflective of the process for OFTOs (as they have tender revenue streams and site-specific charges). The Workgroup member felt the OFTO model is the same in terms of recovery, the Proposer agreed and explained that the difference will be the way it is funded.
- A question was raised by a Workgroup member regarding the impact these changes will have on TNUoS and if this had been anticipated by the Proposer. The Proposer clarified a CUSC modification had been raised, explaining that TNUoS would be used to recover TRS funding mechanisms for CATOs, however it is now the Proposer view that this would be better placed within the licence (establishing all the rights and obligations) rather than in the CUSC and is now considering withdrawing the CUSC modification.
- The Workgroup member advised that at this point we can't foresee the exact impact the CATO revenues will have on the TNUoS tariff regime, but it would be good to have a reference that revenues will incorporate CATO costs to anticipate monitoring the situation. The Proposer advised that the OFTOs example is being followed and for

OFTOs it is set in the licence, however if the CUSC modification is withdrawn the CUSC Panel will review it and advise on the matter.

Legal Text Review

The Proposer shared the amendments to the Legal Text with the Workgroup for discussion.

Review of Theme 3 Legal Text – Payments and Billing

- **SECTION E**
 - 2.4 - Waiting on direction/clarification from Ofgem Re; CATO of last resort provisions
 - 2.5 - Workgroup agreed to leave as a placeholder on this insertion whilst awaiting the Ofgem consultation – Proposer to report back to Workgroup on the results
 - 3.3 – Workgroup member advised that as the Construction Securities are under the tender process there is a risk of being codifying other securities on top of what is already in the process. Proposer advised that through discussion on CM087 it wasn't necessarily considered that Construction Securities will be required for CATOs. The Proposer advised this matter will be picked up in the CM087 process
 - 7 – The Workgroup agreed CATOs should be treated the same as other Transmission Licensee's, but further discussion is necessary to establish the data requirements needed to be provided to the ESO to set charges. The Proposer and the Workgroup will consult with SMEs to gain better understand and revert feedback.

- **SCHEDULE 10**
 - PART ONE – A Workgroup member pointed out that Special Condition J2 has been removed during the restructuring of the licence. This was confirmed by the Proposer and an action was taken by the chair to inform the Panel.
 - PART 7 – The Proposer enquired if an equivalent is needed for a CATO as it broadly follows the onshore model and felt this would apply in the same way. A Workgroup member disagreed and felt it was not relevant. The Proposer agreed and explained that interruption charges apply to all TOs (on-shore and off-shore) and that applying a CATO compensation payment on top of that was a level of penalization that isn't there for other TOs and on that basis the Proposer will include the suggestion that Part 7 isn't duplicated for CATOs.
 - PART NINE – To put a placeholder in place for this insertion whilst awaiting the Ofgem consultation.

- **STCP 13-1**
 - 3.1.3 – The Workgroup was asked to consider a 3.1.3 equivalent to be discussed at the next workgroup and have 'within a year data' for when they come on stream.
 - 3.1.4 – The Workgroup questioned the inclusion of the 'asset transfer' as one Workgroup member stated that in the CATO regime no assets would be transferred as they would build their own. The Proposer explained this had already been amended in an offline version and agreed with the comment. A

workgroup member questioned if the licence granted dates should be more generalised. The Proposer agreed to take this point away to consider.

- 3.4.1 – A Workgroup member expressed concern about specifying events and felt it should be more generalised such as including ‘any agreed event’ in the wording. The Proposer agreed to take this point away to consider.
 - 3.8 – The Proposer is waiting on Licence section to determine what insertion will be made in section 3.8.2
- **STCP 14-1**
 - 2.1.6 – NGET and SHETL representatives were asked to consult with SMEs regarding TSPT, to revisit in the next workgroup.
 - **STCP 24-1**
 - 3.4/3.5 – May require a consequential Modification following Ofgem decision on TNUoS

Review of Theme 4 Legal Text – Planning Coordination

- **SECTION D**
 - 2.2.6.4 – The Proposer stated that current thinking on this section was to provisionally remove section L (pending on CM087 further discussions) and rather have it linking with the Grid Code provisions therefore making the insertion irrelevant.
 - 3.1.2 – One Workgroup member questioned how ‘Transmission Asset’ or ‘Transmission System’ are defined and are CATO systems and assets considered to be the same. The Proposer agreed to consult with SMEs on this section and to feedback findings in the next workgroup.

Update and Review of Theme 1 and 2 – General and Technical Operations

- **SECTION B**
 - 1.1.1 – Workgroup questioned if differentiation of OFTOs and CATOs was overcomplicating the process. One workgroup member suggested adding ‘Admission of Parties to the Code’ to encompass all transmission licensees. The Proposer agreed to review the requirement considering a minimal change approach.
- **STCP 01-1 Issue 010**
 - 3.1.6 and Appendix B – Proposer asked the workgroup to consider these points in further detail to revisit at the next workgroup.

Next Steps

- Chair to circulate updated changes to Themes 3 and 4.
- Chair to share the Draft workgroup consultation at the next meeting to enable the workgroup to consider specific consultation questions.

Actions

For the full action log, [click here](#).

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
9	WG3	Proposer	Review with SMEs Section E part 7 revenue methodology regarding recovery	N/A	WG4	Open
10	WG3	ALL	WG to review the data necessary for Section E part 7	N/A	WG4	Open
11	WG3	Chair	To make Panel aware Special Condition J2 has been removed	N/A	WG4	Open
12	WG3	NGET/SHETL	STCP 14.1 Section 2.1.6 TSPT Consult colleagues to confirm agreement of the statement	N/A	WG4	Open
13	WG3	Proposer	Theme 4 Section D 3.1.2 Consult with EC Technical team and revise based on discussions	N/A	WG4	Open
14	WG3	Proposer	To check the definition on Transmission system and revert to WG	N/A	WG4	Open

Attendees

Name	Initial	Company	Role
Catia Gomes	CG	Code Administrator, ESO	Chair
Claire Goult	CLG	Code Administrator, ESO	Tech Sec
Stephen Baker	SB	ESO	Proposer
Gareth Stanley	GS	ESO	Proposer
Alistair Grey	AG	ESO	Proposer
Coreen Campbell	CC	SSEN Transmission	Observer
Deborah Spencer	DS	Code Administrator, ESO	Observer
Greg Stevenson	GRS	SHETL	Alternate

Harriet Eckweiler	HE	SSEN Transmission	Info only
Joel Matthews	JM	Diamond Transmission Corp	Workgroup Member
Mark Fitch	MF	TINV	Alternate
Michelle MacDonald Sandison	MMS	SHETL	Workgroup Member
Mike Lee	ML	TINV	Workgroup Member
Nicola Todd	NT	NGET	Alternate
Richard Woodward	RW	NGET	Workgroup Member