

# Code Administrator Meeting Summary

## Meeting name: CMP411 – Workgroup Meeting 2

Date: 27/04/2023

## Contact Details

Chair: Jess Rivalland, National Grid ESO [Jess.Rivalland@nationalgrideso.com](mailto:Jess.Rivalland@nationalgrideso.com)

Proposer: Nitin Prajapati, National Grid ESO [Nitin.Prajapati@nationalgrideso.com](mailto:Nitin.Prajapati@nationalgrideso.com)

## Key areas of discussion

The aim of Workgroup 2 was firstly to discuss Workgroup Considerations.

### Proposer Presentation

The Proposer presented a visualisation to the Workgroup to describe the proposed process of AI Cost Gap Recovery. The Proposer also talked through the proposed approach for calculating AI Cost Gap and the AI Cost Gap Tariff.

A few Workgroup members asked for clarity on how the split between the AI Cost Gap and remaining AI will be determined. The Proposer explained the value of the AI Cost Gap will be dependent on the time period between the assets being transferred to an OFTO and the subsequent generator connecting. The remaining AI will just be the AI value minus the AI Cost Gap value.

Several Workgroup members discussed potential issues surrounding who would pay the AI Cost Gap in various scenarios and consideration of elongating the life of an asset to avoid being a financially liable.

There were also some comments and discussion surrounding the revenue recovery approach at a higher level, consider elements such as 'fast and slow money' recovery along with the depreciation of assets.

The Proposer invited the Workgroup to consider the following questions:

- **Are there any thoughts on the proposed approach for the recovery of the AI Cost Gap?**  
No comments from the Workgroup.
- **Is it appropriate to use TEC to form part of the calculation of the tariff?**  
No comments from the Workgroup.

## ESO

- **Is the Transmission Demand Residual (TDR) an appropriate recovery mechanism to recover the AI Cost Gap from demand customers in the interim before the subsequent generator/s connects?**

One Workgroup member questioned whether the revenue recovery approach taken would be gross or net value. The Proposer felt this may be a wider question and would consult further with the revenue team.

- **Once the subsequent generator/s connects should the AI Cost Gap be recovered by one of the existing local charges or should a new charge type be created?**

The Proposer suggested a distinct separate charge was the preferred option. One Workgroup member proposed the addition of an extra line to the local charge or creation of a specific charge which would require justification.

- **Should the AI Cost Gap consider inflation, if so how should it be applied?**

The Proposer suggested inflation would be in line with the relevant OFTO's revenue on the basis of how this is used today.

Several Workgroup members requested clarity on the scope of CMP402 and CMP411 modifications. The Proposer agreed to investigate the linkages and where the lines should be drawn between the two modifications to allow a solution to be developed.

## Next Steps

Workgroup to comment on considerations prior to WG3 to allow the solution to be developed.

## Actions

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

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
1	WG1	Ofgem	Consider WG onshore question and feedback	N/A	WG2	Open
2	WG1	Proposer	Create a step-by-step process with worked examples to share with the Workgroup	N/A	WG2	Open
3	WG2	Proposer	Create a HND diagram	N/A	WG3	Open
4	WG2	Proposer	Clarify and tighten CMP411 Scope	N/A	WG3	Open
5	WG2	Tech Sec	Circulate spreadsheet for Workgroup Considerations	N/A	WG3	Open

## Attendees

Name	Initial	Company	Role
Jess Rivalland	JR	Code Administrator ESO	Chair
Claire Goult	CG	Code Administrator ESO	Technical Sec

Nitin Prajapati	NP	ESO	Proposer
Callum Duff	CD	Thistle Wind Partners	Observer
Claire Hynes	CH	RWE	Workgroup Member
Damian Clough	DC	SSE generation	Workgroup Member
Faiva Wadawasina	FW	Falck Renewables	Observer
Kyran Hanks	KH	Waters Wye Associates	Workgroup Member
Matthew Paige-Stimson	MPS	National Grid Electricity Transmission	Workgroup Member
Nicholas Fribert	NF	Orsted Wind Power A/S	Workgroup Member
Rob Fowler	RF	Scottish Power	Alternate
Shannon Murray	SM	Ofgem	Authority Rep