

Code Administrator Meeting Summary

Meeting name: CMP315 Workgroup 21/CMP375 Workgroup 18

Date: 22/06/2023

Contact Details

Chair: Claire Huxley, ESO claire.huxley@nationalgrideso.com

Proposer: (CMP315): Nick Sillito, Peakgen nsillito@peakgen.com

Proposer: (CMP375): Paul Mott, ESO paulmott1@nationalgrideso.com

Key areas of discussion

Objectives and Timeline

Chair shared details of recent updates to the timeline and highlighted a slightly longer than 15-day Code Administrator Consultation scheduled for August 2023. This is to allow stakeholders more time to respond, due to the consultation running during the main summer holiday period.

Chair led discussion on whether the workgroup thought the current timeline was achievable. Workgroup discussions centered on the modification implementation date of 2024. Ofgem shared that an Ofgem led impact assessment and consultation would need to take place after they receive the Final Modification Report (FMR) in October so a decision before 31 January 2024 which would be required for a 1 April 2024 implementation doesn't seem realistic and achievable. Workgroup agreed that with the impact assessment taking place post FMR the implementation should be moved to April 2025. Workgroup took a couple of actions detailed in the actions below to understand any impact of CMP353 indexation taking place 24/25 and whether the Terms of Reference needed updating to reflect new price control periods.

CMP315: Terms of Reference

The workgroup reviewed the changes made to the Terms of Reference at the last workgroup meeting. Several workgroup members made generic points on "h) Consider interactions with the Transmission license and any cross code impacts especially STC". In future it would be good to see the STC considered more and to ensure that future proposals are viable and can be delivered within the STC. Workgroup took Terms of Reference actions detailed in the actions below to look at

- "g) Implementation timeframes to be considered ahead of the TO RIIO price controls in 2021" Considering the implementation date is moving to April 2025.
- "i) Be mindful of, and consider, the SCR" What SCR does this refer to?

LJ shared that focus has been on the basket of works but there is another major change which is not only circuit types but substations as well, which is almost two separate changes. Maybe could have done more and considered external analysis and considered interactions with the SECULF model.

Actions Review

The workgroup reviewed the previous actions.

Original Proposals Legal Text

PM led a review of the CMP315 legal text having received feedback from CMP315 proposer and MP after circulating ahead of the workgroup. The CMP315 proposer has requested that the deleted paragraph 61 be reinstated. PM will add back in but without the steel and labour indexation, just the inflation. MP noted that the current methodology is based on current cost so this is a departure, as it's looking at actual historical cost.

CMP375 legal text as above with the deleted paragraph 61 to be reinstated but without the steel and labour indexation.

WACM2 discussion

NL covered the defaulting rule, smoothing calculation and detailed the reweighting of historical data vs the proportions set out in the Transmission Owner's business plan. NL stated that with data from 10yrs up to 30yrs not available we are talking about principles and said that it's unfortunate that the data is not available. Business plan data is publicly available so NL is unsure why this data hasn't been provided by TO's. JZ clarified that Ofgem published PCFM's with TO published data but the ESO are not able to extract kilometres. NL shared that the data is there and casts a doubt on previous requests and non-provision of data and that they believe the data is available. MP commented that historic data and actual costs have not always been used, it's been procurement of costs. MPS stated that there has been no regulatory requirement to keep historical data and data only goes back as far as the regulatory requirements required this to be the case. NL clarified that with no historical data the methodologies are still different.

NL explained the defaulting rule for when no data is available; we should use past project data to weight instead of business plan data. If there is no access to business plan data, we used the past project data. Past data is weighted by the kilometres. PJ expressed a view that this could result in small megawatt projects potentially having a large weighting if they have long kilometres. NL explained the desire to retain consistency without the availability of data. PJ questioned the value of TO data that details new build increases to capacity, but that doesn't detail by how much. PM explained that JZ had difficulty getting the business plan data and speculated that the data may be more available if WACM2 tariffs were being calculated for real.

WACM2 Legal Text

MP, JZ and PM took an action to understand the timeline and what's available and when, with the reference to "Price control business plan data" in the WACM 2 legal text. PM confirmed that the term "Expansion Factor" had been replaced with "Expansion Constant" everywhere. PJ reaffirmed the need to make sure that it is removed everywhere.

Tariff Analysis

JZ presented details of the Tariff analysis and took an action to circulate the smoothed data spreadsheet which has been captured in the actions below. JZ also presented on TNUoS Expansion Constants and the pre-CMP353 data calculated by ESO. The ESO commented that this would be shared at July’s TCMF as well.

Workgroup Report

The chair led the workgroup through a review of the latest version of the workgroup report.

AOB

The chair led a review of both CMP315 and CMP375 Terms of Reference against the detail contained in the workgroup report with any gaps being noted, actions taken and where required added to the agenda for the next workgroup for discussion.

Next Steps

CMP315 Workgroup 22 / CMP375 Workgroup 19, Wednesday 5 July 2023 to cover

- Show stopper comments on the finalised legal text for originals, WACM and the Workgroup report.
- Review the Terms of Reference
- Finalise documentation to get to the July panel.

Actions

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
1	Click or tap here to enter text.	ESO	Issue V4 of Legal Text for CMP315 and CMP375 Original solutions to Workgroup	Shared via email 26th May	09/05/2023	Closed
2	Click or tap here to enter text.	Workgroup	Tracked change comments on CMP315 and CMP375 Original solutions to Workgroup	If not received, assume no changes needed. Nothing received at time of drafting slides	26/05/2023	Closed
3	Click or tap here to enter text.	Chair	V1 of Workgroup Report to Workgroup	Shared via email 26th May	09/05/2023	Closed

4	Click or tap here to enter text.	Proposers of each solution	Consider and share with Workgroup the defaulting rule on asset life extensions for their solutions and justify why	Covered in WG meeting agenda 22nd June	26/05/2023	Closed
5	Click or tap here to enter text.	Workgroup	Consider and share with Workgroup any alternative approaches to asset life extensions	Covered in WG meeting agenda 22nd June	26/05/2023	Closed
6	Click or tap here to enter text.	Transmission Owners	Clarify how many years historic data (up to 30 years back) they hold	Confirmed 10years of data is available	12/05/2023	Closed
7	Click or tap here to enter text.	Ocean Winds	Based on the answer to action 6, clarify the smoothing calculation?	Included in WACM2 agenda discussion 22nd June	Click or tap to enter a date.	Closed
8	Click or tap here to enter text.	Ocean Winds	Update proposed alternative (now CMP375 WACM2) to spell out exactly how you re-weight the historic data vs the proportions set out in the Transmission Owners' business plan	Included in WACM2 agenda discussion 22nd June	09/05/2023	Closed
9		ESO	Confirm plan for data request to the Transmission Owners re: WACM2	Included in discussion during WG18	15/05/2023	Closed subject to confirmation
10	Click or tap here to enter text.	ESO	Issue Legal Text for WACM2	Included in papers for WG 22nd June	TBC	Closed
11	CMP315 WG21 & CMP375 WG18	Workgroup	To understand any impact of CMP353 indexation occurring in the 24/25 (If the implementation of CMP315/CMP375 moved to April 2025).	Click or tap to enter a date.	05/07/2023	New
12	CMP315 WG21 & CMP375 WG18	Workgroup	Review impact of implementation being moved back to 2025 to the Terms of Reference (is update required to reflect new price control periods?).	Click or tap to enter a date.	05/07/2023	New
13	CMP315 WG21 & CMP375 WG18	Workgroup	To determine which SCR we are referring to in the CMP315 Terms of Reference "i) Be mindful of, and consider, the SCR."	Click or tap to enter a date.	05/07/2023	New

14	CMP315 WG21 & CMP375 WG18	ESO	Original proposal legal text to be tidied up and final version to be shared with the workgroup ahead of the next WG 5/7/23 so members can review.	Click or tap to enter a date.	28/06/2023	New
15	CMP315 WG21 & CMP375 WG18	JZ, MP and PM	To understand the timeline and what's available and when, with the reference to "Price control business plan data" in the WACM 2 legal text.	Click or tap to enter a date.	05/07/2023	New
16	CMP315 WG21 & CMP375 WG18	JZ	Circulate the smoothed EC's data spreadsheet.	Click or tap to enter a date.	28/06/2023	New
17	CMP315 WG21 & CMP375 WG18	PM	To capture thinking on CATO's post CATO being made a defined term within the STC and subsequent STCP change.	Click or tap to enter a date.	05/07/2023	New
18	CMP315 WG21 & CMP375 WG18	PM	Add a line to the legal text around inflating up the 10 years TO data alongside the reinstatement of paragraph 61 but without the steel and labour indexation, just the inflation.	Click or tap to enter a date.	28/06/2023	New
19	CMP315 WG21 & CMP375 WG18	CH	Workgroup Report – Tariff Analysis: Check that demand and generation tariff charts have been added into the correct annex	Click or tap to enter a date.	05/07/2023	New
20	CMP315 WG21 & CMP375 WG18	JZ	To share impact on the tariffs (generation, demand and consumers) rather than the Expansion Constants and Expansion Factors that have been gone through already.	Click or tap to enter a date.	05/07/2023	New
21	CMP315 WG21 & CMP375 WG18	CH / AH	Terms of Reference "d) Consider any interaction with demand TNUoS tariffs if floored at zero" Section to be added to the Workgroup Report explaining this as a legacy to the fact the ToR date back to when the TCR and SCR were only halfway through. Relates to the TDR change which needs to be included but not a big impact anymore.	Click or tap to enter a date.	05/07/2023	New

22	CMP315 WG21 & CMP375 WG18	PM	Agenda item for next WG explain why 0.13 smoothing factor and 0.87 weighting factor.	Click or tap to enter a date.	05/07/2023	New
23	CMP315 WG21 & CMP375 WG18	PM	Update legal text to reflect the culmination of data building up to 30 years	Click or tap to enter a date.	29/07/2023	New
24	CMP315 WG21 & CMP375 WG18	MP	To complete current historic data, up until recently in Workgroup report	Click or tap to enter a date.	05/07/2023	New

Attendee

Name	Company	Role
Claire Huxley (CH)	ESO	Chair
Andrew Hemus (AH)	Code Administrator, ESO	Tech Sec
Paul Mott (PM)	ESO	Proposer
Anthony Diccico (AD)	Inch Cape Offshore Ltd	Workgroup Member
Chiamaka Nwajagu (CN)	Orsted	Observer
David Tooby (DT)	Ofgem	Observer
Harriet Harmon (HH)	Ofgem	Observer
Jo Zhou (JZ)	ESO	ESO (SME)
Joshua Logan (JL)	DRAX	Workgroup Member
Lauren Jauss (LJ)	RWE Supply & Trading GmbH	Workgroup Member
Matthew Paige-Stimson (MP)	NGET	Workgroup Member
Michelle MacDonald Sandison (MM)	SSEN	Alternate Workgroup Member
Nicolas Lescal (NL)	Ocean Winds	Workgroup Member
Paul Jones (PJ)	Uniper Energy	Workgroup Member
Rob Fowler (RF)	Scottish Power	Observer
Robert Longden (RL)	Cornwall Energy	Workgroup Member
Sinan Kufeoglu (SK)	Ofgem	Observer
Tom Steward (TS)	RWE Renewables	Workgroup Member