

Code Administrator Meeting Summary

Meeting name: CMP411: Introduction of Anticipatory Investment (AI) within the Section 14 charging methodologies – Workgroup Meeting 6

Date: 31/07/2023

Contact Details

Acting Chair: Deborah Spencer, National Grid ESO deborah.spencer@nationalgrideso.com

Proposer: Nitin Prajapati, National Grid ESO Nitin.Prajapati@nationalgrideso.com

Key areas of discussion

Introduction

The Chair introduced the objectives of the meeting and confirmed quoracy.

Proposer Presentation

The Proposer gave an update on inflation indexation. The Proposer shared that they had initially considered whether RPI or CPI was appropriate to use for inflation, and that CPI had been proposed. It was later considered whether to use CPI or CPIH, and it was agreed that CPIH is a more comprehensive measure of inflation, so is the Proposer's preferred option for the AI Cost Gap inflation index.

One Workgroup member queried the methodology and cycle for setting the year-ahead inflation index. The Proposer clarified that this is currently being considered by the revenue team and agreed to share the information at the next Workgroup (Action 14).

Legal Text Review

Legal text for 14.15.170 was shared with the Workgroup. The legal text covered calculation of the AI Cost Gap and presented two options for repaying demand consumers. The Proposer clarified that they would add further detail into the legal text prior to the next Workgroup (Action 12).

The Proposer queried whether 14.15.170 was the best location for the Anticipatory Investment legal text and clarified that it was chosen due to it being the last point in the tariff section. The Workgroup had no comment on the location of the legal text.

The Proposer highlighted that a subsequent modification will be required to add definitions into Section 11 of the CUSC and asked if Anticipatory Investment or the AI Cost Gap needed to be referred to in any other parts of Section 14. No areas were highlighted by the Workgroup.

The Chair asked the Workgroup if they were happy with the solution as it currently stands. The only comment was from the Proposer, who clarified that the legal text would be finalised prior to the next Workgroup, with more detail added.

Terms of Reference Review

The Terms of Reference were reviewed to identify any further areas of Workgroup discussion. One Workgroup member raised a point on section (c) of the ToR, regarding early opportunities projects, querying if developers can come to an agreement to offset liabilities and not go down the AI cost gap route. It was agreed that the member would share information on this at the next Workgroup (Action 13).

Next Steps

The Chair advised the Workgroup of next steps, as follows:

- Proposer to share finalised legal text with Workgroup.
- Chair to share draft Workgroup report with Workgroup.

Actions

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
10	WG5	Chair	To reach out to respondent who requested more detail in the consultation and update the proposer	NA	WG7	Open
12	WG6	Proposer	Proposer to share final version of legal text with the Workgroup before WG7	NA	WG7	Open
13	WG6	CH	Workgroup Member to share details of other options available for TOR (c) that may be useful for the Workgroup report	NA	WG7	Open
14	WG6	Proposer	Proposer to check the calendar cycle with SME members question on CPIH and share details at next Workgroup	NA	WG7	Open
15	WG6	Chair	Chair to share draft Workgroup Report with the Workgroup for comments ahead of Workgroup 7	NA	WG7	Open

Attendees

Name	Initial	Company	Role
Deborah Spencer	DS	Code Administrator ESO	Acting Chair

Lizzie Timmins	LT	Code Administrator ESO	Technical Sec
Nitin Prajapati	NP	ESO	Proposer
Calum Duff	CD	Thistle Wind Partners	Observer
Claire Hynes	CH	RWE	Workgroup Member
Joshua Coomber	JC	Ofgem	Authority Representative
Kyran Hanks	KH	Waters Wye Association	Workgroup Member
Matthew Paige-Stimson	MPS	National Grid Electricity Transmission	Workgroup Member
Ryan Ward	RW	Scottish Power	Workgroup Member
Shannon Murray	SM	Ofgem	Authority Representative