

Code Administrator Meeting Summary

CMP411: Introduction of Anticipatory Investment (AI) within the Section 14 charging methodologies – Workgroup Meeting 7

Date: 21/08/2023

Contact Details

Chair: Claire Goult, National Grid ESO claire.goult@nationalgrideso.com

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

Key areas of discussion

Timeline and Objectives

The Chair shared the latest timeline with Workgroup members, highlighting the changes made and next steps. It was also highlighted that the timeline has been submitted to the next CUSC Panel meeting (30 August) for review and approval.

A list of the day's objectives was shared, the Chair then handed over to the Proposer to discuss inflation indexation and legal text.

Legal Text Review/ Inflation Indexation - AI Cost Gap

The Proposer gave an update on an action to confirm the inflation indexation UCPIH and which calendar cycle would be used.

The Workgroup were advised, after conferring with the revenue team SME, it was agreed to align to the OFTO revenue calendar which is May to October and incorporated into the legal text. Workgroup members had no comments on the update shared.

The Proposer moved on to another update made to the legal text and advised the Workgroup that ESO internal legal team suggested showing each update in a separate paragraph and numbering it accordingly to avoid any confusion.

The only other update was in relation to how the AI Cost Gap was paid back to demand customers. A section was added to show it would be paid via one payment in the charging year that the subsequent generator connects. The Proposer asked the Workgroup if they had any comments as this was to be the finalised version of legal text. The Chair agreed to circulate the legal text to give the Workgroup more time to consider and feedback to the Proposer.

Review Draft Workgroup Report

The Chair shared the draft Workgroup Report with the group and asked the members if there was anything they would like to change or update. The Proposer responded stating more

detail on the solution along with conversations held within the Workgroups on this would be useful. Also, an extra point in relation to the Recovery of the AI Cost Gap value to show that a second option has been added.

A question was raised by the Ofgem representative around how the AI Cost Gap will be paid back to the demand consumers and the Proposer shared how they thought it would work in theory but confirmed they would check this with the revenue team SME.

Ofgem responded advising it might be a good idea to clarify this in the Workgroup Report and show how it would work. The Proposer advised they would maybe need to show this in the legal text and took an action to speak with the revenue SME to get some detail added to cover this.

The Chair instructed Workgroup members to take time to review the Workgroup Report in an allocated break to enable a detailed discussion to take place. A Workgroup member shared some feedback in relation to showing the purpose of the modification within the “What is the issue” section, the member took an action to share details for the Workgroup report.

A date of 30 August was agreed by members to send any feedback or comments regarding the legal text and Workgroup report.

Action review

Actions from previous Workgroup were reviewed by the group, it was confirmed actions 10, 11, 12, 14 and 15 could be closed.

A Workgroup member agreed to complete action 3 today by sending over details previously agreed to share.

Any Other Business

The Chair shared those who were eligible for the Workgroup vote at the next session (Workgroup 8) confirming all details were captured correctly.

Next Steps

- Workgroup 8 - Finalise Workgroup Report and Workgroup Vote
- Draft Legal text and Workgroup Report to be circulated by Chair

Actions

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
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
16	WG7	Proposer/Auth Representative	Liaise to ensure TDR mechanism is explicit either in	NA	30 August 2023	Open

			the legal text/Workgroup report or both			
17	WG7	Proposer/DC	Highlight in Workgroup Report the purpose of the mod is to determine how to recover that AI value covered by the consumer in the interim period from the 2nd Generator once they connect, and over what length of time and the appropriate inflation calc to use.	NA	30 August 2023	Open
18	WG7	ALL	Review and comment on draft legal text and Workgroup Report	NA	30 August 2023	Open

Attendees

Name	Initial	Company	Role
Nitin Prajapati	NP	ESO	Proposer
Claire Goult	CG	Code Administrator ESO	Chair
Deborah Spencer	DS	Code Administrator ESO	Tec Sec
Damian Clough	DC	SSE	Workgroup Member
Callum Duff	CD	Thistle Wind partners	Observer
Claire Hynes	CH	RWE	Workgroup Member
Faiva Wadawasina	FW	Bellrock/Broad shore Offshore Wind Ltd	Observer
Joshua Coomber	JC	Ofgem	Authority Representative
Kyran Hanks	KH	Waters Wye Association	Workgroup Member
Ryan Ward	RW	Scottish Power Renewables	Workgroup Member
Shannon Murray	SM	Ofgem	Authority Representative