

CMP402: Introduction of Anticipatory Investment (AI) principles within the user commitment arrangements

Workgroup 11

5 October 2023

Online Meeting via Teams



Objectives and Timeline

Claire Goult – ESO Code Administrator



Objectives

- Objectives and Timeline
- Overview of the ESA process
- Legal text and consequential modification discussion
- Alternative Request discussion
- Workgroup Vote
- Agree Terms of Reference have been met
- Finalise Workgroup Report
- AOB/Next steps



Timeline Update

Claire Goult – ESO Code Administrator

Updated Timeline as from 11 September 2023

Milestone	Date	Milestone	Date
Modification presented to Panel	25 November 2022	Workgroup report issued to Panel (5 working days)	19 October 2023 (CUSC Panel papers Day)
Workgroup Nominations (15 Working Days)	28 November 2022 to 19 December 2022	Panel sign off that Workgroup Report has met its Terms of Reference	27 October 2023 (CUSC Panel)
Workgroup 1 - Understanding of overall OTNR landscape, Modification process, Workgroup responsibilities, issue, scope and proposed solution, agree timeline and terms of reference	23 January 2023	Code Administrator Consultation (15 working days)	6 November – 27 November
Workgroups 2, 3 and 4 – Agree the principles of Anticipatory Investment, consider possible solutions, identify alternatives	6 March 2023, 29 March 2023, 20 April	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	7 December 2023 (CUSC Panel Papers Day)
Workgroup 5 – Consider draft legal text and consider Workgroup Consultation comments and questions.	10 May 2023	Panel undertake DFMR recommendation vote	15 December 2023 (CUSC Panel)
Workgroup 6 – Finalise Workgroup Consultation	22 May 2023	Final Modification Report issued to Panel to check votes recorded correctly (5WD)	18 December to 22 December
Workgroup Consultation (15 working days)	24 May 2023 to 21 June 2023 (extended)	Final Modification Report issued to Ofgem	3 January 2024
Workgroup 7 - Review Workgroup Consultation responses, consider new points, review solution and any alternatives	3 August 2023	Ofgem decision	TBC
Workgroup 8, 9, 10 – (WG8) Finalise solution/discuss alternatives, (WG9) agree ToR and Workgroup vote, finalise, (WG10) Finalise Workgroup Report	11 August 2023, 24 August, 21 September 2023 and 17 October	Implementation Date	1 April 2024



Overview of the ESA Process

Aliabbas Bhamani – Authority Representative



Legal text and consequential modification discussion

ALL



Alternative Request Discussion

ALL



Workgroup Vote

ALL

The applicable CUSC objectives are:

- a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;
- b) Facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity;
- c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and
- d) Promoting efficiency in the implementation and administration of the CUSC arrangements.

*The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.



Agree Terms of Reference have been met

ALL

Workgroup Term of Reference	Location in Workgroup Report (to be completed at Workgroup Report stage)
a) Consider EBR implications	
b) Consider the assumptions made to support the proposed principles for the extension to the User Commitment arrangements to incorporate the Anticipatory Investment cost liability	
c) Consider how the liabilities could be calculated and passed onto the later User(s) who will be benefiting from shared offshore assets that are being developed and built by the initial generator as part of a non-radial offshore connection.	
d) Consider what proportion of the Anticipatory Investment cost should be secured by the later User(s) who will be benefiting from shared offshore assets that are being developed and consider the calculation for this.	
e) Consider the appropriate sharing factor that should be applied to the Anticipatory Investment cost pre and post the later User's Final Investment Decision	
f) Consider if and how the sharing factor will change in the event that there is more than one generator dependent upon the Anticipatory Investment being provided by the original generator	
g) Consider if the current User Commitment principles for secured amounts against liability apply in the same way for Anticipatory Investment liability i.e. 100% pre-trigger date, 42% post trigger date and 10% consented?	
h) Consider cross code impacts (including CUSC Modifications that may also be raised)	



Finalise Workgroup Report

ALL



AOB

Claire Goult – ESO Code Administrator



Next Steps

Claire Goult – ESO Code Administrator