

# Code Administrator Meeting Summary

## Meeting name: CMP423: Generation Weighted Reference Node Workgroup 2

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Date: 17/04/2024

### Contact Details

Chair: Catia Gomes, Code Administrator ESO – [catia.gomes@nationalgrideso.com](mailto:catia.gomes@nationalgrideso.com)

Proposer: John Tindal, SSE Generation Ltd - [john.tindal@sse.com](mailto:john.tindal@sse.com)

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## Key areas of discussion

The aim of Workgroup 2 was to review outstanding actions and the analysis completed by the ESO.

### Review Timeline and Terms of Reference

The Chair presented an updated timeline to the Workgroup; several Workgroup members highlighted that they were unable to attend the next Workgroup, so the Chair agreed to review the timeline and circulate a new date to Workgroup members.

The Chair presented the Terms of Reference to the Workgroup for review. Workgroup members had no initial comments on the Terms of Reference, however later discussed that ToR (d) has no impact on tariffs.

### Actions Review

All actions were reviewed by the Workgroup; updates can be seen in the action log below.

The Proposer presented [slides](#) on the Transport model. One Workgroup member queried the content on the first slide. An Authority representative confirmed that when determining which background a circuit sits in, depends on which scenario it has the biggest flow, rather than the biggest change in flow. One Workgroup member advised they thought that the modification would not have an impact on the way circuits are placed into buckets. An ESO SME confirmed that this as reflected within the analysis.

The Proposer noted that the Connectivity map within the Transport and Tariff model may change if the reference node was amended; the ESO SME agreed to complete further analysis based on this (Action 8, 9), and an SSE representative agreed to add information related to this to their Teach-in (Action 7).

One Workgroup member queried how enduring the solution was, given the current developments within the TNUoS Taskforce. The Proposer also advised there is likely to be a new modification raised in the future regarding Demand charges, which could change the impact of CMP423, and advised that interactions could be assessed when this modification was raised.

## ESO

One Workgroup member noted that if Generation is increased, Demand will also increase, or Generation will need to reduce elsewhere.

One Workgroup member queried whether Interconnectors and Storage acted as a substitute for Generators, noting that they thought they served an arbitrage function instead, as Generation still needs to occur for them to work. The ESO SME agreed to investigate how scaling factors could be removed from the analysis and agreed to investigate the possibility of running the model excluding Interconnectors and Storage (Action 8, 9). One Workgroup member queried whether excluding these Users was the right thing to do, however it was noted that the Proposer's solution excludes Interconnectors and Storage so the analysis should be done to reflect this.

One Workgroup member noted that the scenario which leads to the lowest residual charge would be more cost reflective, however an Authority representative noted that the solution should be agreed prior to the analysis, with the results being used to support the solution and its initial rationale.

One Workgroup member queried what the defect of the modification is, and how the solution resolves it. The Proposer noted that the defect is the cost reflectivity associated with using a Demand weighted reference node. They advised that a Generation weighted reference node better reflects the flexing in Generation that is seen in reality. Some Workgroup members queried whether changes in Demand patterns would affect the suggested benefit of the solution.

When discussing ToR (c), one Workgroup member noted that the Year Round background should reflect Year-Round conditions, rather than Peak Demand. A Workgroup member requested that the Proposer look at trends in FES Scenarios in relation to this Term of Reference and asked for the graphs shown to be extended to cover the levels of Generation by zone with Peak Demand and Year Round Demand. One Workgroup member queried what the change in Generation capacity would look like out to 2040, so the Proposer agreed to extend the graphics they had presented (Action 10).

### **ESO Analysis**

The ESO SME presented [slides](#) outlining the analysis produced.

One Workgroup member queried why the different charges did not add up to the same value. Another Workgroup member queried whether this was due to the flooring at zero. The values have now been updated in the pack following an error.

One Workgroup member queried whether there was likely to be an impact on CfD prices as a result of the distributional impact of the modification.

One Workgroup member queried whether there was an overall increase to consumer costs as a result of the modification. The ESO SME noted that the results shown were purely based on TNUoS costs and that there may be other impacts that offset the costs and even provide benefits in the long term. The SME also noted that the Connectivity map had not been changed within the analysis and advised that changes to this may change the tariffs.

One Workgroup member queried whether impacts of different types of Generation and location impacts of Generation could be considered within the analysis.

The ESO SME noted that Workgroup members would need to sign a license agreement to be able to access the model used for the analysis (Action 12).

The SME agreed to investigate further analysis as requested by the Workgroup, to possibly run a version excluding Interconnectors and Storage (Action 9).

**Next Steps**

The Chair summarised the next steps as follows:

- Chair to rearrange next Workgroup meeting.
- Teach-in session to be held at next Workgroup meeting to explain the reference node, with Workgroup members to review slides prior to this (Action 13).

**Actions**

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

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
1	22/01/2024	RM	ESO to confirm with ESO revenue team about the impact to the Transport and Tariff model	Circulated within Workgroup 2 papers	WG2	Closed
2	22/01/2024	RM	ESO to confirm what analysis can be produced around the pots of money	Circulated within Workgroup 2 papers	WG2	Closed
3	22/01/2024	RM	Confirmation of SME to attend a further Workgroup to present on Reference Node influences.		WG2	Closed
4	22/01/2024	JT	Proposer to review ToR and present at the next Workgroup what these mean (ToR point 4 & 5)	Circulated within Workgroup 2 papers	WG2	Closed
5	22/01/2024	JT	In relation to ToR 3, action for the Workgroup to look at TEC register		WG2	Open
6	22/01/2024	JT	In relation to ToR 7 – action for the Workgroup to reflect on this but need the ESO to provide modelling in order to understand the impact and then address the ToR.	Further analysis required	WG2	Open
7	WG2	CG/JT/DC	Update Workgroup papers and circulate to the Workgroup		WG3	Open
8	WG2	DH	Complete further analysis to include breakdown by Generator type, including revenue in addition to tariffs. Investigate effect of changes to the connectivity map on tariffs.		WG3	Open
9	WG2	DH	Investigate possibility of producing a model without Interconnectors and storage.		WG4	Open

10	WG2	JT	ToR (c) - consider different scenarios for Generation capacity and extend slides for YR and peak Demand. Look into trends in FES scenarios.	WG3	Open
11	WG2	JT	Consider shared/not shared and how this fits into solution	WG3	Open
12	WG2	Workgroup	Sign <u>software license agreement</u> so that model can be provided	WG3	Open
13	WG2	Workgroup	Review teach-in slides and provide queries and feedback to DC	WG3	Open
14	WG2	DH	ESO to investigate whether a version of the VBA Code can be shared with Workgroup members and whether agreements would need to be signed.	WG4	Open

**Attendees**

Name	Initial	Company	Role
Catia Gomes	CG	Code Administrator, ESO	Chair
Lizzie Timmins	LT	Code Administrator, ESO	Tech Sec
John Tindal	JT	SSE Generation Ltd	Proposer
Alan Kelly	AK	Corio Generation	Observer
Damian Clough	DC	SSE Generation	Observer
Daniel Hickman	DH	ESO	SME
Dennis Gowland	DG	Research Relay Ltd	Workgroup Member
Gregory Edwards	GE	Centrica	Workgroup Member
Harriet Harmon	HH	Ofgem	Authority Representative
Hector Perez	HP	Scottish Power Renewables	Alternate
Jess Rivalland	JR	Code Administrator, ESO	Observer
John Mclellan	JM	Ofgem	Authority Representative
Nick Sillito	NS	Peakgen	Workgroup Member
Nicolas Lescal	NL	Ocean Winds	Workgroup Member
Nina Sharma	NSh	Drax	Observer
Paul Youngman	PY	Drax	Workgroup Member
Rachel McLeod	RM	ESO	Workgroup Member
Robert Longden	RL	Cornwall Insight	Workgroup Member

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Robert Newton	RN	Zenobe	Observer
Sally Ann Young	SY	SSE Generation	Observer
Tom Steward	TS	RWE	Workgroup Member

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