

Code Administrator Meeting Summary

Meeting name: CMP315 Workgroup 20/CMP375 Workgroup 17

Date: 02/05/2023

Contact Details

Chair: Paul Mullen, National Grid ESO (Code Administrator) paul.j.mullen@nationalgrideso.com

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

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

Key areas of discussion

CMP315 seeks to review how the expansion constant is determined such that it best reflects the costs and CMP375 seeks to amend the calculation of the Expansion Constant & Expansion Factors to better reflect the growth of and investment in the National Electricity Transmission System (NETS). Workgroups for these changes are jointly held but the changes have not been amalgamated.

The primary aim of this meeting was to carry out a final review of the legal text for the CMP315 and CMP375 Original and review the new proposed alternative.

Legal Text

The Proposer of CMP375 confirmed they had provided the legal text for CMP315 and CMP375 Original on 24 April 2023 and asked for comments by 9am on 2 May 2023. There were some minor drafting comments suggested and the Proposer of CMP375 agreed to send updated legal text by 26 May 2023.

New Proposed Alternative

After further reflection that the NOA data in aggregate is not cost reflective as they are high level budget costs not presented consistently with usual EC cost input, the proposer of WACM1 decided not to proceed further with WACM1. Also, no Workgroup Member wished to become the new proposer of WACM1.

Therefore, the proposer of WACM1 presented a new proposed alternative, which was same as CMP375 WACM1 except it removed the forward-looking component of CMP375 WACM1 as data does not appear cost reflective and instead sought to extend the backwards looking component from the preceding 10 years to up to the preceding 30 years to expanding the time period of historic data, in line with investment horizon of new build generation projects.

There were mixed views as to whether or not this was cost reflective and Transmission Owners were asked for their initial view as to how far back **(Post Meeting Note: my understanding is that the Transmission Owners are not in a position to provide data beyond the 10 years historic data they have already provided)**.

On 2 May 2023, the Workgroup voted as to whether or not the proposed Request for Alternative should become a Workgroup Alternative CUSC Modification (WACM). A majority of the Workgroup (10 out of 17 votes) did believe this request for Alternative may better facilitate the CUSC Objectives than the CMP375 Original so this became CMP375 WACM2.

Default Asset Rule for life extensions

ESO previously noted that asset life data before and after an investment in an existing asset is not always available so have applied a default 45 years of remaining life after an investment is made in an existing asset, where the Transmission Owner was not able to estimate a life, due to a mixture of components being embodied in the asset with different component lives. The default assumption for the remaining life of such existing assets immediately prior to the relevant investment, where the Transmission Owner is unable to supply this data, is 0 years. These defaults combined, mean that 45 years of additional life is assumed in the case of such investments.

There is no publically available data to support this and the Workgroup requested confirmation of the materiality on the EC of using different default asset life years to ascertain if this can be simply discounted or not. Workgroup were also urged to provide justification for 45 years or any other time period.

Next Steps

Dependent on whether more data is needed to support the new WACM2.

Workgroup Report, Legal Text and any updated tariff and sensitivity analysis to be provided by 26 May 2023.
