

Code Administrator Meeting Summary

Meeting name: CMP315 Workgroup 22/CMP375 Workgroup 19

Date: 05/07/2023

Contact Details

Chair: Claire Huxley, ESO claire.huxley@nationalgrideso.com

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

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

Key areas of discussion

Objectives and Timeline

Timeline to be updated to reflect when the workgroup votes, and next workgroup meeting will take place now any knock-on impacts to the remainder of the timeline.

Actions Review

The workgroup reviewed the previous actions.

Explanation on smoothing factor and weighting factor figures

PM gave an explanation on the smoothing factor and weighting factor figures.

LJ shared thoughts on the timescale transitioning from the old Expansion Constant and pondered whether this could be achieved quicker and suggested looking at the change in the tariffs comparing old with new.

RL highlighted the transition to the new methodology and implementation and where you have a methodology which in a steady state is ideal. Transition does require a little bit of help to be introduced. Looking at the impact upon volatility of using three years or eight years, why just say five years and go for it because it lines up with the price control. We should be looking at the impact of each as opposed to using something different.

MP mentioned the lag before the intended cost reflectivity finally materializes by applying a smoothing factor for 10 years.

SL shared his belief that local circuit costs would be moving around quite a lot if no smoothing is applied from day 1 and although zonal charges don't move around too much, individual projects could be impacted by some quite large charges if you don't apply smoothing.

PJ shared the opinion that when analyzing data for cost reflectivity purposes a large dataset should be used as this reduces the risk of a small number of outliers skewing your results.

HH explained that from an Ofgem perspective the uniformity of the smoothing factor across each solution requires explanation. Also, the application of the smoothing factor cannot be arbitrary and so critical to have a solid rationale for each option currently on the table.

SL asked for clarification on what used to be called “generator only spurs” and the way those are calculated, as they use individual Expansion Factors. Will smoothing be applied to these or are we looking at a step change? JZ confirmed that any smoothing would be applied.

Terms of Reference

The workgroup reviewed the Terms of Reference

Legal Text Review

The workgroup reviewed the legal texts

Any Other Business

The workgroup agreed an earlier start for any future workgroup meetings which will allow for a longer break for lunch.

Next Steps

Next workgroup scheduled for 10th August. Fully formed WACMs to be circulated ahead of this meeting if further ones are being raised. Final comments on WG report and legal text to be sent by 3rd August.

Actions

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
9		ESO	Confirm plan for data request to the Transmission Owners re: WACM2	Included in discussion during WG18	15/05/2023	Closed
11	CMP315 WG21 & CMP375 WG18	Workgroup	To understand any impact of CMP353 indexation occurring in the 24/25 (If the implementation of CMP315/CMP375 moved to April 2025).	Make an agenda item for WG23 and WG20	Click or tap to enter a date.	Open
12	CMP315 WG21 & CMP375 WG18	Workgroup	Review impact of implementation being moved back to 2025 to the Terms of Reference (is update required to reflect new price control periods?).	Complete	05/07/2023	Closed
13	CMP315 WG21 &	Workgroup	To determine which SCR we are referring to in the	It is the Targeted	05/07/2023	Closed

	CMP375 WG18		CMP315 Terms of Reference "i) Be mindful of, and consider, the SCR."	Charging Review SCR – believe there is no implications for this modification.		
14	CMP315 WG21 & CMP375 WG18	ESO	Original proposal legal text to be tidied up and final version to be shared with the workgroup ahead of the next WG 5/7/23 so members can review.	Complete	28/06/2023	Closed
15	CMP315 WG21 & CMP375 WG18	JZ, MP and PM	To understand the timeline and what's available and when, with the reference to "Price control business plan data" in the WACM 2 legal text.	Meeting held on June 29th – length is not in the annual update to the Price Control. SHTL and SPT details provided. Legal text updated to reflect this.	05/07/2023	Closed
16	CMP315 WG21 & CMP375 WG18	JZ	Circulate the smoothed EC's data spreadsheet.	Data Shared	28/06/2023	Closed
17	CMP315 WG21 & CMP375 WG18	PM	To capture thinking on CATO's post CATO being made a defined term within the STC and subsequent STCP change.	Wording included in CATO report – WG to review	05/07/2023	Closed
18	CMP315 WG21 & CMP375 WG18	PM	Add a line to the legal text around inflating up the 10 years TO data alongside the reinstatement of paragraph 61 but without the steel and labour indexation, just the inflation.	Complete	28/06/2023	Closed
19	CMP315 WG21 & CMP375 WG18	CH	Workgroup Report – Tariff Analysis: Check that demand and generation tariff charts have been added into the correct annex	Complete	05/07/2023	Closed
20	CMP315 WG21 & CMP375 WG18	JZ	To share impact on the tariffs (generation, demand and consumers) rather than the Expansion Constants and	Complete	05/07/2023	Closed

			Expansion Factors that have been gone through already.			
21	CMP315 WG21 & CMP375 WG18	CH / AH	Terms of Reference “d) Consider any interaction with demand TNUoS tariffs if floored at zero” Section to be added to the Workgroup Report explaining this as a legacy to the fact the ToR date back to when the TCR and SCR were only halfway through. Relates to the TDR change which needs to be included but not a big impact anymore.	Complete	05/07/2023	Closed
22	CMP315 WG21 & CMP375 WG18	PM	Agenda item for next WG explain why 0.13 smoothing factor and 0.87 weighting factor.	On going	05/07/2023	Open
23	CMP315 WG21 & CMP375 WG18	PM	Update legal text to reflect the culmination of data building up to 30 years	Completed	29/07/2023	Closed
24	CMP315 WG21 & CMP375 WG18	MP	To complete current historic data, up until recently in Workgroup report	On going	05/07/2023	Open
25	CMP315 WG22 & CMP375 WG19	NS	To draft formula for 14.15.65 within CMP315 legal text and circulate for comment.	Click or tap to enter a date.	Click or tap to enter a date.	New
26	CMP315 WG22 & CMP375 WG19	NS, PM & JZ	Develop table using 0, 3, 5 and 8 years. Using new data. And to note not likely to be volatile and therefore...and making clear what the assumptions are around.	Click or tap to enter a date.	Click or tap to enter a date.	New
27	CMP315 WG22 & CMP375 WG19	CH	To update workgroup report with 5/7/2023 smoothing factor discussion and add in the table provided by LJ	Click or tap to enter a date.	Click or tap to enter a date.	New
28	CMP315 WG22 & CMP375 WG19	CH	To update workgroup report with smoothing factor rationale and on why the smoothing factor is used on every option.	Click or tap to enter a date.	Click or tap to enter a date.	New
29	CMP315 WG22 & CMP375 WG19	JZ	To flag relevant work to go through the TNT model and update Expansion Factor versus Expansion Constant and look at what it might look like.	Click or tap to enter a date.	Click or tap to enter a date.	New

30	CMP315 WG22 & CMP375 WG19	NS	To consider weighting the 10year more highly.	Click or tap to enter a date.	Click or tap to enter a date.	New
31	CMP315 WG22 & CMP375 WG19	PM	To clarify “Consider in terms of aligning with Recital 63 of EU Renewable Energy Directive (2009/28/EC)”	Click or tap to enter a date.	Click or tap to enter a date.	New

Attendee

Name	Company	Role
Claire Huxley (CH)	ESO	Chair
Andrew Hemus (AH)	Code Administrator, ESO	Tech Sec
Nick Sillito (NS)	Peak Gen	Proposer
Paul Mott (PM)	ESO	Proposer
Anthony Diccico (AD)	Inch Cape Offshore Ltd	Workgroup Member
Chiamaka Nwajagu (CN)	Orsted	Observer
Damian Clough (DC)	SSE Generation	Alternate Workgroup Member
Grace March (GM)	Sembcorp	Workgroup Member
Grazina Macdonald	Waters Wye Associates	Workgroup Member
Harriet Harmon (HH)	Ofgem	Observer
Harriet Eckweiller (HE)	SSEN	Alternate Workgroup Member
Joshua Logan	Drax	Workgroup Member
Jo Zhou (JZ)	ESO	ESO (SME)
Lauren Jauss (LJ)	RWE Supply & Trading GmbH	Workgroup Member
Matthew Paige-Stimson (MP)	NGET	Workgroup Member
Nicolas Lescal (NL)	Ocean Winds	Workgroup Member
Paul Jones (PJ)	Uniper Energy	Workgroup Member
Ryan Ward (RW)	Scottish Power	Alternate Workgroup Member
Robert Newton (RN)	Zenobe	Observer
Robert Longden (RL)	Cornwall Energy	Workgroup Member
Simon Lord (SL)	Engie UK	Workgroup Member
Tom Steward (TS)	RWE Renewables	Workgroup Member