

# CMP375/CMP315

**16 August 2023**

**Online Meeting via Teams**

# Agenda

#	Topics to be discussed	Lead
1.	Meeting expectations	Chair
2.	Objectives and Timeline	Chair
3.	Actions Review	Chair
4.	Terms of Reference	All
5.	Smoothing Factor Analysis	Paul Mott, Jo Zhou and Nick Sillito
6.	Workgroup Report	All
7.	Legal Text Review	Paul Mott
8.	Workgroup Vote	All
9.	Any Other Business	Chair



# Meeting Expectations

## Chair

# Meeting Expectations

- 1) Timings and breaks
- 2) Comments & etiquette
- 3) Scope

Request to record



# Objectives and Timeline

## Chair

# CMP375 (and CMP315) Proposed Timeline as at 9 August 2023

Milestone	Date	Milestone	Date
Modification presented to Panel	25 June 2021	CMP375/CMP315 Workgroup 19 – finalise Legal Text, Workgroup Report, agree Terms of Reference have been met.	5 July 2023
Workgroup Nominations (15 Working days)	1 July 2021– 5pm on 22 July 2021	CMP375/CMP315 Workgroup 20 – finalise documentation and Workgroup Vote	16 August 2023
CMP375/CMP315 Workgroups 1 to 7	10 August 2021, 1 and 13 September 2021, 15 November 2021, 12 January 2022, 9 and 29 March 2022	Workgroup report issued to Panel	20 September 2023
CMP375/CMP315 Workgroup Consultation (20 working days as Easter)	14 April 2022 to 17 May 2022 (5pm)	Workgroup report presented to Panel	28 September 2023
CMP375/CMP315 Workgroup 8 – review Workgroup Consultation responses and agree next steps	25 May 2022	Code Administrator Consultation (15 working days)	2 October 2023 to 20 October 2023 (5pm)
CMP375/CMP315 Workgroup 9 – understanding of methodology for CMP315, CMP375 and LCP Approach	14 June 2022	Draft Final Modification Report (DFMR) issued to Panel	15 November 2023
CMP375/CMP315 Workgroup 10 and 11 – review ESO's analysis, finalise solutions and discuss alternatives	30 June 2022 and 18 July 2022	Panel undertake DFMR recommendation vote	23 November 2023
CMP375/CMP315 Workgroups 12, 13, 14 and 15 - finalise analysis, finalise solutions, including confirming mathematical approaches for each solution, discuss alternatives and hold alternative vote,	17 August 2022, 11 October 2022, 8 November 2022 and 5 December 2022	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	29 November 2023
CMP375/CMP315 Workgroup 16, 17 – finalise legal text for CMP375 and CMP315 Original, review tariff analysis, review CMP375 WACM1 and further potential alternative (including holding alternative vote)	5 April 2023 and 2 May 2023	Final Modification Report issued to Ofgem	6 December 2023
CMP375/CMP315 Workgroup 18 – finalise Legal Text, Workgroup Report,	22 June 2023	Implementation Date	1 April 2025

**NOTE: 3 previous Workgroups for CMP315**



# Action Review

## Chair

# Action Review

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	05/07/2023	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 & CMP375 WG18	Workgroup	To determine which SCR we are referring to in the CMP315 Terms of Reference “i) Be mindful of, and consider, the SCR.”	It is the Targeted Charging Review SCR – believe there is no implications for this modification	05/07/2023	Closed
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 29 <sup>th</sup> – 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



# Action Review

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
19	CMP315 WG21 & CMP375 WG18	CH	Workgroup Report – Tariff Analysis: Check that demand and generation tariff charts have been added into the correct annex	Completed	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 Expansion Factors that have been gone through already.	Completed	05/07/2023	Closed
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.	Completed	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.	Covered in WG on the 5th July	05/07/2023	Complete
23	CMP315 WG21 & CMP375 WG18	PM	Update legal text to reflect the culmination of data building up to 30 years	Completed	29/07/2023	On-going
24	CMP315 WG21 & CMP375 WG18	MP	To complete current historic data, up until recently in Workgroup report	Completed	05/07/2023	Complete
25	CMP315 WG22 & CMP375 WG19	NS	To draft formula for 14.15.65 within CMP315 legal text and circulate for comment.	This has been sent through to PM – legal text to be updated and sent through	02/08/2023	Complete
26	CMP315 WG22 & CMP375 WG19	NS, PM & JZ	Develop table using 0, 3, 5 and 8 years using NOA data. And to note that it is not likely to be volatile and therefore there may be limited impact. In addition making clear what the assumptions are around.	In progress – to be shared on the 2nd August	26/07/2023	On-going

# Action Review

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
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	Included within smoothing factor section	05/07/2023	Complete
28	CMP315 WG22C H, PM and NS & CMP375 WG19	CH, PM and NS	To update workgroup report with smoothing factor rationale and on why the smoothing factor is used on every option.	Included withing smoothing factor section	26/07/2023	Complete
29	CMP315 WG22 & CMP375 WG19	JZ	To flag amount of work to go through the TNT model and update Expansion Factor versus Expansion Constant and look at what it might look like.	Initial estimate is 6months work - TBC	26/07/2023	On-going
30	CMP315 WG22 & CMP375 WG19	PM	To consider weighting the 10year more highly and share thoughts with workgroup.	Covered in WG on the 5th July	26/07/2023	On-going
31	CMP315 WG22 & CMP375 WG19	PM	To clarify "Consider in terms of aligning with Recital 63 of EU Renewable Energy Directive (2009/28/EC)"	Info sent through – CH to communicate with WG	02/08/2023	Complete



# Smoothing Factor Analysis

Paul Mott, Jo Zhou and Nick Sillito.



# Terms of Reference

## All

# Terms of Reference

Workgroup Terms of Reference	Workgroup outcome
a) Consider EBR implications	As stated in section above, there are no interactions.
b) Review of the principles of the current methodology	Covered within Transport and Tariff Model Interpretation – General section
c) Consider the effect on both TNUoS demand charges and generation charges	Covered in Tariff Analysis section
d) Consider any interaction with demand TNUoS tariffs if floored at zero	Covered in Tariff Analysis section
e) Consider in terms of aligning with Recital 63 of EU Renewable Energy Directive. (2009/28/EC)	This is no longer relevant as it is no longer explicitly recited in the relevant UK SI
f) Consider the distributional effect on Consumer tariffs	Covered in Tariff Analysis section
g) Implementation timeframes to be considered ahead of the TO RIIO price controls in 2021	Implementation timeframes considered as part of the workgroup meetings. There is no longer any change in the EC approach due on the transition to the new price control, and therefore has no significant impact.
h) Consider interactions with the Transmission license and any cross-code impacts especially STC	<p>Cross code impacts are covered in section above.</p> <p>Transmission license interactions – this has been considered and there is a fairly limited interaction. The only interaction that has been found is with the Weighted Average Cost of Capital (WACC) and the overhead factor, and there is no need for any changes as a result of this modification.</p>
i) Be mindful of, and consider, the <u>SCR</u>	Targeted Charging Review Significant Code Review has already been covered by the outcome from Terms of Reference. There are no other interactions to note.
j) Clarify need, as soon as possible, for any external analysis	Covered in Lane and Clark (LCP) analysis section
k) Consider interactions with CMP375	This is covered throughout the Workgroup Report



# Workgroup Report

## All



# **Legal Text Review**

**Paul Mott**



# **Workgroup Vote**

## All



# Alternate & Workgroup Vote

Please note: To participate in any votes, Workgroup members need to have attended at least 50% of meetings.

## Stage 1 - Alternative Vote

If Workgroup Alternative Requests have been made, vote on whether they should become Workgroup Alternative CUSC Modifications (WACMs).

## Stage 2 - Workgroup Vote

2a) Assess the original and WACMs (if there are any) against the CUSC objectives compared to the baseline (the current CUSC).

Term	Meaning
Baseline	The current CUSC (if voting for the Baseline, you believe no modification should be made)
Original	The solution which was firstly proposed by the Proposer of the modification
WACM	Workgroup Alternative CUSC Modification (an Alternative Solution which has been developed by the Workgroup)

# Workgroup Vote

## The Applicable CUSC Objectives (Charging) are:

- a) That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;
- b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);
- c) That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;
- d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency \*; and
- e) Promoting efficiency in the implementation and administration of the system charging methodology.

\*The Electricity Regulation referred to in objective (d) 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.

# Workgroup Vote

## Stage 2a – Assessment against objectives

To assess the original and WACMs against the CUSC objectives compared to the baseline (the current CUSC).

You will also be asked to provide a statement to be added to the Workgroup Report alongside your vote to assist the reader in understanding the rationale for your vote.

ACO = Applicable CUSC Objective

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Name – Company						
WACM CMP315 Original						
CMP375 Original						
CMP375 WACM2						
Voting Statement:						

# Workgroup Vote

## Stage 2b – Workgroup Vote

Which option is the best? (Baseline or, CMP315 Original) , CMP375 Original or CMP375 WACM2)

*Note that only one of the CMP315 solutions or the CMP375 solutions can be approved*

Workgroup Member	Company	BEST Option?	Which objective(s) does the change better facilitate? (if baseline not applicable)



**Any Other Business**  
Chair