

# Code Administrator Meeting Summary

## Meeting name: CMP402 - Introduction of Anticipatory Investment (AI) principles within the User Commitment Arrangements – Workgroup 8

Date: 11/08/2023

### Contact Details

Chair: Claire Goult, ESO ([Claire.Goult@nationalgrideso.com](mailto:Claire.Goult@nationalgrideso.com))

Proposer: David Witherspoon, ESO ([david.witherspoon@nationalgrideso.com](mailto:david.witherspoon@nationalgrideso.com))

## Key areas of discussion

### Timeline Update

The Chair shared an updated version on the timeline. Workgroup members were advised the implementation date had been pushed out to April 2024 as the previous date of 5 January 2024 was not achievable. The new date will allow the Workgroup to finalise the solution and ensure the modification is as complete as possible.

Members were advised that the new timeline would be presented to CUSC Panel on Friday 25 August 2023 for approval.

### Review Solution Responses

Two members shared responses to the solutions presented at the last Workgroup by the Proposer. The Chair thanked them adding any input from members was extremely valuable when putting together the Workgroup report.

In the first response the Workgroup member advised their preferred solution was the fixed option where the User Commitment gradually builds up from £2000 to 6000 per MW. The respondent felt this option had several good features, those being the liabilities are known and manageable as a fixed option. Although he felt the costings are acceptable, he felt justification for the actual numbers chosen would benefit the credibility of the option.

The member expressed concern that there could be a possibility the trigger date might be ahead of the Later Developer's FID posing a significant barrier to coordination. The respondent felt using FID as the 'trigger date' would better remove this barrier.

Reasons given by the respondent for rejecting the other options were, significant uncertainty on how large the user commitment liabilities will be. Also, for one option there is a significant challenge around securing and demonstrating a fair process when considering on a case-by-case basis.

The Proposer reflected on what was presented in the last Workgroup and mentioned the minded to AI consultation decision by Ofgem where it stated the late developer must demonstrate commitment. He explained if we were to stay with the 67% pre-FID and the Later Developer is also liable for onshore liabilities too, it is hard to see how the project would get off the ground.

Another member said in relation to the £2000 to 6000 per MW, the concept made sense, but more justification was required for the Workgroup Report. It would also be useful go forward to understand

where the figures came from and why the Proposer landed on those numbers, this would strengthen the case for this option.

The Chair asked the Proposer to share their thoughts on the process of using the FID as the trigger date to which the Proposer advised he would turn this back to the Workgroup. He went on to say typically with onshore liabilities as it is today, we have a concept of a trigger date when the liabilities ramp up. The Proposer stated it was reversed back to using a trigger date to make it simplistic and more in line with today's user commitment principles. The Proposer then explained that using the FID as the trigger date would need to be codified whereas the trigger date already exists.

A Workgroup member noted this was one of the issues raised in earlier Workgroups, the trigger date and FID date were not too far apart in reality. The Proposer shared his thought process with the group advising if we have a process previously that works today why change and reiterated, they are open to the suggestion of using FID as a trigger date but for the Workgroup to note this would require a consequential modification.

The Chair asked the Proposer if he thought there was more work to be done in relation to FID and how this could be used as part of the solution. The Proposer suggested Workgroup members would be best placed to provide a more definitive answer regarding FID and the timescales between the FID date and Trigger date. This was added as an action for the Workgroup to investigate and share their findings at the next session.

The second respondent to the solution advised the Workgroup they had similar thoughts to the previous Workgroup member and struggled to support the initial solution. The member felt the second option with the 2-4-6 scaling factor was more in line with the current approach and therefore would prevent any over complication, but more information would be required to justify the choice when presenting to industry.

The respondent described how the post FID part of this solution (67% fixed increase) is increasing the liability risks for users in the first two years and decreasing it in the last three years. The respondent requested further analysis on this to justify the 67% option.

#### Discussion re preferred solution and any alternatives

No alternative was raised. The Proposer agreed justification for pre-FID numbers, scaling factors and post FID % would be required for the Workgroup Report which will be provided.

The Proposer asked Workgroup members to provide evidence why using FID as the trigger date is preferred and to feedback in the next Workgroup meeting.

The Proposer also suggested that legal text should be considered, and this shall be reviewed at the next Workgroup.

The Chair reiterated to the Workgroup to share any comments in relation to their preferred solution so the Workgroup Report can be as detailed and informative as possible.

The Proposer advised the group that they would be moving roles and this modification will be taken over by the Proposer of CMP411 who was on the call.

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### Next Steps

Discuss legal text

Draft Workgroup report issued to Workgroup members for consideration

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## Actions

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
1	WG6	Proposer & Ofgem Rep	To discuss offline the scenarios for the non-AI benefits	NA	WG6	Closed
2	WG7	Chair	Relevant info & alternative forms shared with all WG members on solution options	NA	04/08	Closed
3	WG7	Workgroup	Feedback on the Proposer's options and any alternatives submitted ASAP	NA	08/08	Closed
4	WG7	Proposer	Draft Legal and timings shared with the Chair for the final solution	NA	WG9/10	Open
5	WG8	Proposer	Proposer to share further analysis/information to justify pre-FID numbers, scaling factors and post FID %	NA	WG9	Open
6	WG8	Workgroup members/OB	Analysis on FID and the timescales between the FID date and Trigger date.	NA	WG9	Open

## Attendees

Name	Initial	Company	Role
Claire Goult	CG	Code Administrator, ESO	Chair
Deborah Spencer	DS	Code Administrator, ESO	Tec Sec
David Witherspoon	DW	ESO	Proposer
Nitin Prajapati	NP	ESO	Proposer
Damien Clough	DC	SSE Generation	Workgroup Member
Faiva Wadawasina	FW	Bellrock and Broadshore Offshore Windfarms	Workgroup Member
Joel Matthews	JM	Diamond Transmission UK Limited	Observer
Øyvind Bergvoll	OB	Equinor	Workgroup Member
Ryan Ward	RW	Scottish Power Renewables	Workgroup Member
Umer Ameen	UA	BP	Workgroup Member
Shannon Murphy	SM	Ofgem	Authority Rep