ESO

Code Administrator Meeting Summary

Meeting name: CMP419: Generation Zoning Methodology Review Workgroup Meeting 1

Date: 12/10/2023

Contact Details

Chair: Lizzie Timmins, National Grid ESO elizabeth.timmins@nationalgrideso.com

Proposer: Nitin Prajapati, National Grid ESO nitin.prajapati@nationalgrideso.com

Key areas of discussion

The aim of Workgroup 1 was to agree the timeline and terms of reference for the modification, and to discuss the solution.

Introduction and Code Modification Process Overview

The Chair gave an overview of the agenda and introduced the Workgroup members. A brief explanation of the code modification process and the expectations of Workgroup members was given.

The Chair presented the Timeline and Terms of Reference to the Workgroup and explained that these would be revisited following the Proposer's presentation to agree them. One Workgroup member queried whether delaying the timeline to complete analysis would put the implementation date of the modification at risk. It was also queried why the implementation date was significantly after when a decision is required from Ofgem. The Proposer agreed to investigate this with the revenue team **(Action 2)**.

An Authority representative highlighted to the Workgroup that dependent on the complexity of the modification, they may have to issue a further consultation and/or conduct an impact assessment prior to making a decision.

Authority Overview

Prior to the Proposer's presentation, an Authority representative gave an overview on the history of Generation zones and outlined that historically they were revised at every price control, with the zones being driven by grouping Generators together, taking into account geographical location and referenced to nodal prices falling within £1/kW. However, with changes to the Expansion Constant, a decision was made to temporarily remove the calculation of zones from the CUSC, and to review the zoning methodology once the Expansion Constant modification (CMP315/CMP375) had progressed.

The Authority representative also highlighted links between CMP419 and the TNUoS Taskforce and mentioned that the scope of this modification needs to be clear to ensure only the defect is being addressed.

Proposer Presentation

The Proposer presented their solution to the Workgroup, giving an overview of the current zones, and their proposal to utilise Electricity Ten Year Statement (ETYS) boundaries as a basis to determine the new generation zones. More information on this can be found in the Workgroup Papers on the modification page.

One Workgroup member queried the definition of a Main Interconnected Transmission System (MITS) node and stated that it would be required for zoning. The Proposer clarified that this had been discussed in the Offshore Coordination Code Modification Subgroup, and it was decided that the current definition could be applied to offshore assets including the Holistic Network Design (HND).

One Workgroup member queried the impact of anomalies in charging methodologies and agreed to provide their views on this to the ESO **(Action 1)**. The Authority representative clarified that a separate modification will be required to resolve any anomalies in the methodologies.

Several Workgroup members queried when re-zoning should occur and if this should be part of the modification. Several views were expressed that the trigger for re-zoning should consider the tradeoff between cost reflectivity and stability, and that this should be considered as part of the zoning methodology, considering the acceptable level of cost variability.

One Workgroup member highlighted interactions with both the TNUoS Taskforce and other modifications, noting that a decision on CMP315/CMP375 could affect CMP419. The Authority representative clarified that analysis could still be done for this modification without a decision on CMP315/CMP375, and that there would still be information available to inform zoning.

Several Workgroup members had questions regarding the ETYS boundaries. The Proposer clarified that the boundaries help to capture where there are constraints on the National Electricity Transmission System (NETS). One Workgroup member queried who is responsible for the Governance of ETYS boundaries, which the Proposer agreed to investigate **(Action 3)**. There were also questions raised regarding the redrawing of boundaries. The Proposer clarified that the boundaries are not re-drawn, however are added to when there are emerging constraints. The Proposer agreed to investigate how often the boundaries have been added to in recent years **(Action 3)**.

One Workgroup member queried the potential for the Bootstrap to remove constraints, and asked if this would impact on the ETYS boundaries. Another Workgroup member expressed that it would be helpful to know the expected trajectory of constraints and their effect on boundaries. The Proposer agreed to investigate both points **(Action 4)**.

One Workgroup member queried whether ETYS boundaries were the right option to use when considering generation zoning, and another Workgroup member expressed that they believed some boundaries may be better or worse than others. It was also noted that some of the ETYS boundaries overlap, to which the Proposer responded that the Workgroup would need to consider both boundaries and flop zones in the solution. The Proposer also clarified that despite the ETYS boundary diagrams showing otherwise, that offshore assets are not considered within ETYS boundaries. The Proposer agreed to circulate a document which provides an overview of the ETYS Boundaries and ETYS Zones to the Workgroup **(Action 5)**.

One Workgroup member suggested that some constraints may be in place for economic reasons and that they should not be a boundary if this was the case. Another Workgroup

member queried that some additional boundaries may be needed that are not within the ETYS boundaries.

Terms of Reference

The Workgroup discussed the Terms of Reference and discussed several amends. The Chair shared that the amended Terms of Reference will be shared with the CUSC Panel for approval at the CUSC Panel on 27 October 2023.

Cross Code Impacts

One Workgroup member raised that the Workgroup need to ensure any relevant updates from the TNUoS Taskforce need to be shared with the Workgroup. The Chair agreed to share a Microsoft Form for Workgroup members to input any interactions into **(Action 6)**.

Timeline

The Workgroup discussed the proposed timeline, and the consensus was that the timeline was too ambitious. It was agreed by the Workgroup to proceed with the current timeline to refine the solution, and review it once further discussion has been had.

Next Steps

The chair summarised the next steps as follows:

- Meeting summary to be circulated and uploaded to the website, and meeting invites for future Workgroups to be sent.
- Updated Terms of Reference to be presented to the CUSC Panel on 27 October 2023.

Actions

For the full action log, click here.

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
1	WG1	DG	Provide views to ESO on potential anomalies in charging methodology	NA	WG2	Open
2	WG1	NP	Investigate with Revenue as to whether implementation date can be moved forward, or provide justification if not	NA	WG2	Open
3	WG1	NP	Investigate who is responsible for Governance of ETYS boundaries and how many new boundaries have been created in the past 10 years	NA	WG2	Open
4	WG1	NP	Investigate potential effect on boundaries if constraints are removed by the bootstrap. Also look into expected trajectory of constraints.	NA	WG2	Open
5	WG1	NP	Circulate a document which provides an overview of the ETYS Boundaries and ETYS Zones	NA	WG2	Open

6	WG1	ML	Create Microsoft Form for Workgroup members to feed interactions into	Link	WG2	Open

Attendees

Name	Initial	Company	Role
Milly Lewis	ML	Code Administrator, ESO	Acting Chair
Lizzie Timmins	LT	Code Administrator, ESO	Technical Secretary
Nitin Prajapati	NP	ESO	Proposer
Chiamaka Nwajagu	CN	Orsted	Observer
Calum Duff	CD	Thistle Wind Partners	Workgroup Member
Damian Clough	DC	SSE Generation	Workgroup Member
Dennis Gowland	DG	Research Relay Ltd	Workgroup Member
Grace March	GM	Sembcorp	Workgroup Member
Graz Macdonald	GMa	Waters Wye & Associates	Workgroup Member
Harriet Harmon	HH	Ofgem	Authority Representative
Lauren Jauss	LJ	RWE Supply & Trading GmbH	Workgroup Member
Paul Jones	PJ	Uniper	Workgroup Member
Paul Youngman	PY	Drax	Workgroup Member
Pedro Arcain	PA	Ofgem	Authority Representative
Robin Dunne	RD	InterGen	Workgroup Member
Ryan Ward	RW	ScottishPower Renewables	Workgroup Member
Tom Edwards	TE	Cornwall Insight	Observer