

Code Administrator Meeting Summary

Meeting name: CMP402 - Introduction of Anticipatory Investment (AI) principles within the User Commitment Arrangements – Workgroup 11

Date: 17/10/2023

Contact Details

Chair: Claire Goult, ESO claire.goult@nationalgrideso.com

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

Key areas of discussion

The agenda was shared by the Chair with details of the anticipated discussion for the Workgroup.

Timeline

Sharing the timeline, the Chair advised members this was expected to be the final Workgroup for the modification, adding that the FMR date had moved out slightly due to the Christmas period.

Overview of the ESA process

Ofgem's lead for the Early-Stage Assessment (ESA) shared a presentation detailing of the work they are undertaking, adding that the principles being discussed today are still in the consultation stage. The Authority representative explained how the ESA came to be, its purpose, key features and shared the ESA timeline. Details of the consultation can be found on the Ofgem website, and the slides presented are to be shared with members after the Workgroup.

Legal text discussion

Workgroup members raised concerns regarding numbers to be codified within the CUSC as a result of CMP413. These figures included the pre trigger cancellation charge 2,4,600 £MW and the post trigger later user liability of 67%. Several Workgroup members stated that these numbers required justification before the Workgroup report can be submitted.

Ofgem's Representative agreed that justification was needed and also highlighted that the final solution within the report lacked clarity. Workgroup members agreed further evidence and analysis was needed to justify any number being codified into the CUSC.

A Workgroup member asked if the group were comfortable with the proposal and if it was ready to go to Panel baring in mind that there were still a number of questions to be answered. Workgroup members agreed there were still too many questions unanswered.

Alternative Request discussion

A Workgroup member wanted to understand where the Alternative Request fitted into the original solution as there is still work to be done to define it. The Proposer of the Alternative Requested responded advising that the alternative adds something to the solution rather than replaces it, so it wouldn't matter what the solution is as the Alternative is an addition and could still be applied.

Ofgem’s Representative ask the Proposer for Clarification on where the LARF (Local Asset Reuse Factor) feeds into user commitment as they have advised that the ORAF (Offshore Asset Reuse Factor) will be fed into early-stage cost assessment, and they wanted to understand the rationale behind this. The Proposer agreed it could be confusing and agreed to change the wording to give a clearer understanding.

A Workgroup member raised a point on the assessment against the CUSC objectives as the Alternative proposer has only added a positive against objective (b) and the member thought there should be another positive against the administration of the agreement, objective (a). The proposer agreed with this point.

Workgroup members discussed shared user assets in the following scenario - If the asset has an extra 500 MW of capacity built and you buy a transformer which has some extra capacity to allow for the second user, what if the second user doesn’t come long? The transformer will still be used by the original user but would not necessarily be a stranded asset and would not be terminated. The Workgroup member asked if the definition of termination applies when the asset is being used but not to its full capacity? The Proposer thought this may be a question that needs raising with ESO legal team.

Another Workgroup member suggested any modification should be raised after the OFTO coordination modification as it is at a much later stage when the OFTO would be expected to be in place (in theory).

Workgroup Report

There was a request from a Workgroup member to put a diagram together setting out the status quo, where changes were and giving justification. Ofgem’s representative agreed that it would be useful to see the status quo, how it works currently with some numbers. The Original to show the 2, 4, 6 £MW justification along with the risk to consumers and what the numbers look like. Does it increase the risk to consumers compared to the Baseline and the same for the Alternative Request.

It was agreed by Workgroup members that the Workgroup was not in a position to finalise the workgroup Report and therefore it would not be submitted to the October Panel.

Next Steps

The Proposer agreed to provide the justification requested by the group and the Chair reiterated there are too many questions which need answering before anything can be presented to Panel.

The Chair to discuss a new timeline with the Proposer and present to the October Panel.

Actions

For the full action log, [click here](#).

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
13	WG11	Proposer	To give justification around figures used in the legal text,67% and 2,4,6 thousand per MW		WG12	Open
14	WG11	Alternative Proposer	Update wording to clarify where the LARF feeds into user commitment as they have advised that the ORAF will be fed into early-stage cost assessment		WG12	Open

15	WG11	Alternative Proposer	To update Objectives as discussed with WG member	WG12	Open
16	WG11	Original and Alternative Proposers	Share clear solutions with clear analysis. How each solution works currently, what they do and how customers are affected, also consider, and share the risks to consumers	WG12	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
Aliabbas Bhamani	AB	Ofgem	Authority Representative
Claire Hynes	CH	RWE Renewables Ltd	Workgroup Member
Damien Clough	DC	SSE Generation	Workgroup Member
Faiva Wadawasina	FW	Bellrock Offshore Windfarms Ltd and Broadshore Offshore Windfarms Ltd	Workgroup Member
Joel Mathews	JM	Diamond Transmission UK Ltd	Observer
Joshua Coomber	JC	Ofgem	Authority Representative
Matthew Paige Stimson	MPS	NGET	Workgroup Member
Øyvind Bergvoll	OB	Equinor New Energy Ltd	Workgroup Member
Ryan Ward	RW	Scottish Power Renewables	Workgroup Member
Shannon Murphy	SM	Ofgem	Authority Representative